#3
CB 117387

Ethan Melone/ehm
CB 117387 As Amended 2.28.2012
February 28, 2012
Version 3

ORDINANCE _____

AN ORDINANCE relating to the Seattle Streetcar; authorizing execution of a construction contract for the First Hill Streetcar Project; authorizing an amendment to an agreement with the Central Puget Sound Regional Transit Authority to revise the invoicing schedule for the Project; and ratifying and confirming prior acts.

WHEREAS, the City Council adopted Ordinance 123118, authorizing a funding and cooperative agreement (the "Interlocal Agreement") with the Central Puget Sound Regional Transit Authority ("Sound Transit") for implementation of the First Hill Streetcar Connector Project (the "Project"); and

WHEREAS, the Interlocal Agreement authorized the City to take all steps necessary to design and construct the Project; and

WHEREAS, the City completed environmental review for the Project and issued a Mitigated Determination of Non Significance on October 4, 2010; and

WHEREAS, the Sound Transit Board of Directors, by Motion 2010-94 on October 28, 2010, approved full funding for the Project in an amount not to exceed $132,780,000; and

WHEREAS, the City has completed the 90% design milestone for the Project and has negotiated a Maximum Allowable Construction Cost with a General Contractor/Construction Manager pursuant to the alternative public works contracting provisions of RCW 39.10; and

WHEREAS, the Director of Transportation intends to certify to the Chief Executive Officer of Sound Transit that the Project design meets both the capital and operating requirements of the Interlocal Agreement; and

WHEREAS, the City has extensive experience with the General Contractor/Construction Manager (GC/CM) method of contracting , including use of the GC/CM procedure for construction of the South Lake Union Line of the Seattle Streetcar; and

WHEREAS, the City has issued a Notice of Intent to award a contract for the purchase of six modern streetcar vehicles, with final assembly to be performed locally; and

WHEREAS, the Seattle Department of Transportation ("SDOT") has prepared a cost estimate and budget for the total development of the Project with sufficient funding to support all costs associated with the Project, with a reasonable contingency for unforeseen conditions and events, as detailed in the fiscal note to this Ordinance; and

WHEREAS, SDOT has prepared an estimate and budget for operations and maintenance of the First Hill Streetcar; and

WHEREAS, the operating funding authorized for reimbursement through the Interlocal Agreement is sufficient to pay the operation and maintenance cost of an operating plan that meets the requirements of the Interlocal Agreement, as detailed in the fiscal note to this Ordinance; and

WHEREAS, the City and Sound Transit intend to amend the Interlocal Agreement to allow for monthly rather than quarterly invoicing of eligible construction costs; NOW, THEREFORE

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Mayor or his designee is authorized to execute a contract for construction of the First Hill Streetcar in an amount not to exceed Sixty-Eight Million, Three Hundred Thousand Dollars ($68,300,000.00).

Section 2. The Director of Transportation or his designee is authorized to execute an amendment revising the invoicing provisions of the Funding and Cooperative Agreement between the Central Puget Sound Regional Transit Authority and the City of Seattle for the Implementation Of The First Hill Streetcar Connector Project to allow for monthly rather than quarterly invoicing of construction costs for the Project.

Section 3. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is hereby ratified and confirmed.

Section 4. The Director of Transportation shall file the following documents in Clerk File 312157: a) the certification by the SDOT Director required by the Funding and Cooperative Agreement between the City and the Central Puget Sound Regional Transit Authority (Sound Transit) that the First Hill Streetcar Project meets the scope of work set out in that agreement; b) any response to the certification provided by Sound Transit; c) the First Hill Streetcar Operations and Maintenance Plan; d) the executed general contractor / construction manager construction services agreement and any change orders signed after execution of that agreement; e) the executed vehicle purchase contract; and f) written quarterly progress reports required by section 2 of Ordinance 123118.

Section 5. This ordinance shall take effect and be in force thirty 30 days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its passage this _____ day of _____, 2012.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2012.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Ethan Melone
SDOT First Hill Streetcar Construction FISC.doc
December 16, 2011
Version 2

FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	CBO Analyst/Phone:
SDOT	Ethan Melone/684-8066	Steve Barham/733-9084

Legislation Title: AN ORDINANCE relating to the Seattle Streetcar, authorizing execution of a construction contract for the First Hill Streetcar Project, authorizing an amendment to an agreement with the Central Puget Sound Regional Transit Authority to revise the invoicing schedule for the Project, and ratifying and confirming prior acts.

Summary and background of the Legislation:

Project Name:	Project I.D.	Project Location:	Start Date:	End Date
First Hill Streetcar	TC367100	Various	2Q/2009	4Q/2014

This legislation authorizes execution of a construction contract for the First Hill Streetcar project. Ordinance 123118 authorized an Interlocal Agreement with Sound Transit for the implementation of the project and restricts the execution of a construction contract or amendment to the Interlocal Agreement until authorized by the City Council by resolution or ordinance. Through a General Contractor/Construction Manager procurement process, SDOT has reached agreement in principle with the contractor for a Maximum Allowable Construction Cost, including contractor's contingency, of $68,050,000. This legislation authorizes execution of a contract in an amount not to exceed $68,300,000, to allow for the possibility of final adjustments to the contract amount.

The legislation also authorizes amendment of an Interlocal Agreement with the Central Puget Sound Regional Transit Authority (Sound Transit) to allow for monthly rather than quarterly invoicing of construction costs. A monthly invoice will schedule reduce the City's cash flow requirements needed to pay the contractor before receiving reimbursement from Sound Transit.

The Interlocal Agreement provides a maximum Sound Transit funding contribution of $132,780,000. The project total development cost estimate is within this amount and includes the negotiated Maximum Allowable Construction Cost for the construction contract; the anticipated contract amount pursuant to the Notice of Intent to award a contract for purchase of six streetcar vehicles; the costs of other owner-procured items; design and project management costs incurred to date and projected; other owner costs such as construction management, public involvement, third-party reimbursements; reimbursable betterments included in the project, and a construction contingency to pay costs of unforeseen conditions and events. The City is responsible for any cost overruns that may occur, in excess of the maximum funding amount. Project risks have been significantly limited through the procurement of owner-furnished materials and equipment and through negotiation of a contract cost with a General Contractor/Construction Manager. The total development budget, cost estimate, contingency, and risks are detailed in Attachment A.

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In November 2008, voters in the Puget Sound area approved "ST2," the mass transit expansion plan for our region. This measure builds on the Sound Move plan approved in 1996 to expand light rail, commuter rail and express bus service in our region. The ST2 Plan includes funding for the First Hill Streetcar connector project, which links First Hill employment centers to the light rail system via connections on Capitol Hill and in the International District. This is an important link in the regional transit system, providing an alternative to the originally proposed deep tunnel light rail station on First Hill. The First Hill Streetcar will also connect diverse and vibrant neighborhoods on Capitol Hill, First Hill, and in the Chinatown/International District, and Pioneer Square, while serving medical centers (Harborview, Swedish, and Virginia Mason) and higher education (Seattle Central Community College and Seattle University).

The City anticipates entering into an agreement with King County Metro Transit for operation and maintenance of the First Hill Streetcar. The City and Metro have worked cooperatively to develop a proposed operating plan that meets the minimum operating requirements of the Interlocal Agreement, within the maximum operations and maintenance funding of $5.2 M per year (in 2007 dollars) authorized for reimbursement by Sound Transit through the Interlocal Agreement. The proposed operating budget is shown in Attachment B. Future legislation will be proposed for Council authorization before an operating agreement is executed; the anticipated schedule for submittal of this legislation is first quarter 2013.

- *Please check any of the following that apply:*

____ **This legislation creates, funds, or anticipates a new CIP Project.** *(Please note whether the current CIP is being amended through this ordinance, or provide the Ordinance or Council Bill number of the separate legislation that has amended/is amending the CIP.)*

The First Hill Streetcar CIP project was created by Ordinance 123006 (the First Quarter 2009 Supplemental Budget Ordinance).

____ **This legislation does not have any financial implications.** (*Stop here and delete the remainder of this document prior to saving and printing.)*

__X__ **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

The Project Appropriations, Spending Plan, and Funding Sources are included in the 2012 Adopted Budget and the 2012-2018 Adopted Capital Improvement Program.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

As stated above, the City anticipates entering into an agreement with King County Metro Transit for operation and maintenance of the First Hill Streetcar.

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b) What is the financial cost of not implementing the legislation:

If the legislation is not implemented, the start of construction will be delayed, which will introduce significant additional costs and risks by extending the schedule and associated staffing and construction escalation costs.

c) Does this legislation affect any departments besides the originating department?

Yes. Utility relocations will primarily affect Seattle Public Utilities. Seattle City Light will have some involvement in providing new electrical services and with likely modifications to streetlighting; some reimbursable SCL utility improvements have also been incorporated into the project. The key SPU contact is Karen York; the key SCL contact is Stephen Byers.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives

There is no existing or planned transit service that would accomplish the objectives of the First Hill Streetcar and no fund source for transit improvements other than the First Hill Streetcar connector funding approved by voters as part of the Sound Transit expansion plan.

e) Is a public hearing required for this legislation?

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Other Issues:

Please list attachments to the fiscal note below:

Attachment A - First Hill Streetcar Total Development Budget & Cost Estimate
Attachment B - First Hill Streetcar Operations Budget

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SDOT First Hill Streetcar Cosntruction ATT A-1
December 16, 2011
Version #2

SEATTLE STREETCAR
FIRST HILL STREETCAR- LINK CONNECTOR PROJECT-TOTAL DEVELOPMENT BUDGET & COST ESTIMATE
December 16 2011

INTRODUCTION	The Total Development Cost Estimate identifies the estimated cost of all phases of development of the First Hill Streetcar project, inclusive of contingencies, as well as the maximum available funding, providing a narrative summary by category or subcategor. Operation and Maintenance costs for the system are excluded (separately identified in the Operations & Maintenance Plan.	
SOURCES OF FUNDS		
Interlocal Agreement	Maximum reimburseable funding for eligible project costs, per the Funding & Cooperative Agreement with Sound Transit.	**132,780,000**
Reimburseable Betterments	Reimbursements by others for scope that is added to the project at their request, to comply with the City's requirement to coordinate right-of-way work to minimize disruption. Includes new Seattle City Light facilities, pavement repairs outside of the project footprint reimbursed by the SDOT paving budget, and sidewalk repairs outside of the project footprint reimbursed by the SDOT sidewalk repair budget.	**1,239,640**
TOTAL SOURCES OF FUNDS		**134,019,640**
USES OF FUNDS		
COS Sub-Category	**Narrative Summary**	
DESIGN PHASE	All design, project management and third-party reimburseable costs associated with completing the planning, environmental review, design, preconstruction and vehicle procurement activities necessary to prepare for construction.	**12,000,000**
CONSTRUCTION-CONTRACTOR'S WORK	The total cost of construction, exclusive of the GC/CM contingency described below.	**61,820,899**
Specified General Conditions	The amount bid by the successful GC/CM proposer for staffing the general requirements of managing the work.	3,800,000

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GC/CM Fee (5.2%)	The percentage-based fee on direct work and negotiated support services bid by the successful GC/CM proposer for managing the work.	2,867,953
Negotiated Support Services	Costs of services necessary to support the work, such as construction survey, traffic control, field office and yards, etc.	7,807,968
Utilities	Guaranteed maximum price for this scope of work	5,239,907
Sitework	Guaranteed maximum price for this scope of work	4,962,211
Bases	Guaranteed maximum price for this scope of work	710,187
Track	Guaranteed maximum price for this scope of work	11,818,455
Surface Treatments	Guaranteed maximum price for this scope of work	5,554,711
Stops	Guaranteed maximum price for this scope of work	1,882,345
Landscaping/Irrigation	Guaranteed maximum price for this scope of work	215,348
Signage & Markings	Guaranteed maximum price for this scope of work	521,110
Traffic Signals, Lighting,	Guaranteed maximum price for this scope of work	2,738,000
Substation Connections	Guaranteed maximum price for this scope of work	1,043,712
OCS Poles/Foundations	Guaranteed maximum price for this scope of work	886,862
OCS & Track Electrification	Guaranteed maximum price for this scope of work	2,570,270
Train Signals	Guaranteed maximum price for this scope of work	1,202,999
Maintenace Facility Work	Guaranteed maximum price for this scope of work	7,998,863
CONSTRUCTION-OWNER'S DIRECT COSTS		**18,962,130**
Owners Costs-CM	Costs for City staff and consultants providing oversight and inspection of the work, responding to requests for information about the design, issuing design clarifications or changes as necessary, providing project documentation, etc.	5,100,000
Owner-Furnished Material & Equipment	The City is directly procuring items including girder rail, traction power substations, traffic control cabinets, etc. Cost of these items is fixed based on bids received or blanket vendor contract pricing.	6,845,130
Third-Party Reimbursements	The City will reimburse King County Metro, SPU, SCL, and FAS for work performed directly by those agencies rather than by the contractor, such as new water line connections and services, relocation of Metro trolley overhead, SCL relocations and services, and parking revisions at the Charles St. Service Center. Also includes ST direct costs.	3,350,000
Art Program	The art program has a fixed budget of $750,000 per the interlocal agre	750,000
Testing/Commissioning	An allowance for testing and commissioning activities that are not included in the contractor's work	333,000
Vehicle Sales Tax	Sales tax on the vehicle purchase.	2,584,000

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VEHICLE PURCHASE		**27,900,000**
Vehicle Contract	Total contract amount, exclusive of sales tax, for six streetcar vehicles with On-Board Energy Storage System. Amount is based on the low bid pending executiong of contract.	27,200,000
Vehice Procurement Support Services	Costs to provide design review & inspection during the manufacturing & delivery phase of the procurement.	700,000
CONTINGENCY		**13,336,610**
Summary	Contingency within the GC/CM contract, and unallocated contingency, available to address project issues as described below.	
GC/CM CONTINGENCY	A contingency available for use by the GC/CM for subcontract costs in excess of the budgeted amounts, whether resulting from higher than projected subcontract bids, or resolution of scope disputes between subcontractors, or changes in the cost of support services. GC/CM retains 50% of savings up to $1.5 M; the balance is transferred to the City's Unallocated Contingency.	6,229,101
UNALLOCATED CONTINGENCY	The unallocated budget available for all increases in costs, in any category. GC/CM contingency may be transferred to unallocated contingency if not used by the GC/CM.	7,107,509
TOTAL USES OF FUNDS		**134,019,640**

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SDOT First Hill Streetcar Construction ATT A-2
December 16, 2011
Version #2

SEATTLE STREETCAR
FIRST HILL STREETCAR- LINK CONNECTOR PROJECT-TOTAL DEVELOPMENT BUDGET & COST ESTIMATE
RISK AND OPPORTUNITY SUMMARY
December 16 2011

INTRODUCTION		
SOURCES OF FUNDS-OPPORTUNTIES		
Reimburseable Betterments	Reimbursements by others for scope that is added to the project at their request, to comply City's requirement to coordinate right-of-way work to minimize disruption. The total development cost makes conservative assumptions about the reimburseable work; there is a potential for the reimbursement level to be higher.	500,000
Vehicle Option Assignment Agreement	SDOT is currently negotiating assignment of vehicle purchase options to another agency; option payment will reflect the shared management, engineering, testing and inspection costs for the SDOT and Option vehicles.	1,230,000
USES OF FUNDS-RISK ASSESSMENT		
Risk Category & Assessment	Possible uses of contingency and an assessment of the risk value is summarized below.	
Differing Site Conditions	Additional costs that could result from unknown underground condtions, such as obstructions, utility conflicts, unsuitable or contaminated soils. It is fairly likely that some of these will be encountered, with a cost estimated to be in the range of $1.5 M.	1,500,000
Third-Party Reimbursements	The budget for SPU, SCL and FAS reimbursements is well defined; the KC Metro reimbursement costs have more uncertainty. The risk is estimated to be in the range of $3 M.	3,000,000
Construction Management	The cost of construction management and design support services has some uncertainy related to the potential for differing site conditions, and the additional time that could be required to resolve conflicts. The City has some ability, nevertheless, to manage this by staffing these issues efficiently. The risk is estimated to be in the range of $1 M.	1,000,000
Traffic Control	If traffic control plans need to be adjusted in ways that require more use of off-duty police officers, this cost could increase; the budget includes over $750,000 for almost 9,000 hours of police officer support for traffic control. The risk is estimated to be in the range of $250,000.	250,000

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SEATTLE STREETCAR
FIRST HILL STREETCAR- LINK CONNECTOR PROJECT-OPERATING BUDGET
December 16 2011

Service Assumptions: 10 Minute Peak/Daytime Headways; 4-Car Operation/5th Car PM Peak As Needed

PART 1 Streetcar Operations Staffing Staffing to provide vehicle operators, vehicle maintainers, service supervisors, and management/administrative support to operations staff.	
Part 1 Subtotal	**2,319,805**
Part 2 Track & Power System Operation & Maintenance Cost-allocated staff support for maintenance of overhead contact system, traction power substations, track and switches;and power supply rates.	
Part 2 Subtotal	**360,000**
PART 3 General Administration and Implementation Support General administrative support (financial management, training, testing, insurance, etc)	
PART 3 Subtotal	**402,420**
PART 4 Operating Materials/Supplies Office consumables (printing/copying), vehicle consumables (oil, filters, etc)	
Part 4 Subtotal	**75,000**
Part 5 Other Cost Allowances Cost allowances for wheel truing, vehicle body work, signage/customer information, service contracts for automatic passenger counting and real time arrival systems, fare supervision, platform and shelter cleaning and maintenance, extra service for special events.	
Part 5 Subtotal	**340,000**
PART 6 SDOT Direct Expenses Maintenance facility maintenance, landscape maintenance, utility services, and program oversight.	
Part 6 Subtotal	**450,000**
Part 7 Contingency/Major Maintenance Reserve A contingency which if unused can be deposited in a major maintenance reserve fund.	
Part 7 Subtotal	**$ 500,000**
Grand Total	**$ 4,447,225**
Maximum Funding-2014	**4,910,000.00**
Maximum Funding-2015	**5,080,000.00**

CITY CLERK

City of Seattle
Office of the Mayor

January 17, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill authorizing execution of a contract for construction of the First Hill Streetcar.

The City of Seattle is developing the First Hill Streetcar through an Interlocal Agreement with Sound Transit. In November 2008, voters in the Puget Sound area approved "ST2," the mass transit expansion plan for our region. This measure builds on the Sound Move plan approved in 1996 to expand light rail, commuter rail and express bus service in our region. The ST2 Plan includes funding for the First Hill Streetcar connector project, which links First Hill employment centers to the light rail system via connections on Capitol Hill and in the International District. This is an important link in the regional transit system, providing an alternative to the originally proposed deep tunnel light rail station on First Hill. The First Hill Streetcar will also connect diverse and vibrant neighborhoods on Capitol Hill, First Hill, the Chinatown/International District, and Pioneer Square, while serving medical centers (Harborview, Swedish, and Virginia Mason) and higher education (Seattle Central Community College and Seattle University).

The City has completed the 90 percent design milestone for the Project and has negotiated a Maximum Allowable Construction Cost with a General Contractor/Construction Manager pursuant to the alternative public works contracting provisions of RCW 39.10. The Seattle Department of Transportation (SDOT) has prepared a total development cost estimate and budget with sufficient funding to support all costs associated with the Project and a reasonable contingency for unforeseen conditions and events, as detailed in the fiscal note to this Council Bill.

The legislation also authorizes SDOT to amend invoicing provisions of the Interlocal Agreement, to provide for monthly invoicing during the construction phase of the project.

Thank you for your consideration of this legislation. Should you have questions, please contact Ethan Melone of SDOT at (206) 684-8066.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
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