

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100997	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

Orange/Blue Line Rehabilitation Contract-Bond

PURPOSE:

To request Board approval to modify contract for the Orange/Blue lines rehabilitation (FQ 9206) by \$2,096,385 from \$272,772,000 to \$274,868,385, increasing line item #156 from \$3,500,000 to \$5,596,385

DESCRIPTION:

The first of three proposed programs for the renewal of the Orange and Blue lines has been awarded to Clark Construction Company at a cost of \$272,772,000. This contract included several allowance items in the Price Proposal, one of which was for the cost of the Payment & Performance Bond for this contract. Payment & Performance Bond costs can vary depending on many factors, including but not limited to contractor's work load, contractor's financial capacity, duration of the contract, the project delivery methods included in the contract, the duration of the warranty, and other factors. The modification for the Payment & Performance Bond will be subject to any adjustments by audit.

The allowance amount for Payment & Performance Bond was estimated by Metro as \$3,500,000. This estimate was based on typical Payment & Performance Bond costs for the project amount. The actual cost obtained by the contractor from the surety company, based on the necessary documentation provided by the contractor to Metro is \$5,596,385. The reasons for the increase in premium over that in the allowance are:

- The six-year long duration of the contract, which is longer than more typical contract durations of two to three years
- The two-year warranty period
- The significant amount of design-build work included in the contract which passes additional schedule risk to the contractor

Each of these causes for the increased Payment & Performance Bond cost has been carefully evaluated and a staff determination has been made by that these contract requirements should be retained for the following reasons:

- Given the extensive design and construction effort necessary to complete this contract, reducing the schedule available to the contractor is not feasible; and
- Reducing the warranty requirement to one-year period would expose Metro to costs during the second year after acceptance of the work; however, such a

reduction in the warranty period may only reduce the payment & performance bond premium marginally.

FUNDING IMPACT:

Capital Improvement Program	
CIP 110 Rail Rehabilitation Tier 1: National Airport To Stadium Armory	
Project Manger: Rick Shiflet	
Project Department/Office: TIES/CENI	
Types of Budget	FY11
Budget	\$34,894,729
This Action:	\$2,096,385
Prior Approval:	\$32,203,615
Subtotal:	\$34,300,000
Remaining Budget:	\$594,724
Remarks:	This is the addition to the line item for the actual bond cost; The action does not impact the total project budget. *This contract is funded from three sources. This action only affects the CIP110 budget.
Operating Budget Impact:	N/A

RECOMMENDATION:

Approval to modify contract for the Orange/Blue lines rehabilitation (FQ 9206) by \$2,096,385 from \$272,772,000 to \$274,868,385, increasing line item #156 from \$3,500,000 to \$5,596,385.