

TO: Public Works Committee
FROM: Colby Fletcher, Construction Manager
DATE: May 7, 2026
SUBJECT: Additional Construction Funds Request with Active Construction Inc. for the 2nd Avenue Pedestrian and Bicycle Improvements project

1) Recommended Action:

Increase the change order authority provided to the Transportation and Engineering Director under Tumwater Municipal Code 2.14.060 from 10 percent to 20 percent for the 2nd Avenue Pedestrian and Bicycle Improvements project, and place on the May 19, 2026 City Council consent calendar.

2) Background:

The 2nd Avenue Pedestrian and Bicycle Improvements Project addresses traffic congestion, bicyclist safety, and pedestrian accessibility deficiencies in the vicinity of 2nd Avenue and Linwood Avenue. The project includes construction of a roundabout, bike lanes, new sidewalks and curb ramps, street lighting, landscaping, school and residential access improvements, and upgrades to City utilities in accordance with associated planning documents.

The City Council awarded the construction contract to Active Construction Inc. in the amount of \$3,545,545.00. The project is currently under construction and is anticipated to be completed by Fall 2026.

Per Tumwater Municipal Code (TMC) 2.14.060, Change orders or contract amendments, *“In addition to, and without limiting, the authority granted elsewhere in this chapter, a department director is authorized to approve and sign contract change orders or contract amendments, provided the total change order or contract amendment does not exceed the original contract amount by more than ten percent and sufficient funds are available within the existing budget.”* Current estimates indicate construction costs will exceed the contract bid amount by more than 10 percent, which exceeds the authority provided to staff under TMC 2.14.060. Accordingly, staff are proactively requesting City Council approval to increase change order authority to align with the project total construction cost and to avoid potential delays or claims associated with payment processing.

Cost increases are attributed to a variety of unforeseen conditions encountered during construction, including unknown utility conflicts, existing infrastructure not meeting current standards, discovery of previously unidentified obstructions, expanded utility work due to deteriorating infrastructure within the project limits, increased pavement and storm drainage improvements necessitated by poor existing conditions, and market volatility in oil prices affecting material costs.

3) Policy Support:

Strategic Priorities & Goals 2026-2032

Create and Maintain a Transportation System Safe for All Modes of Travel

- Implement 2nd Avenue and Linwood Transportation Plan

- Bike and pedestrian system improvements

4) Alternatives:

- Reject the request for additional funds and do not complete project construction.

5) Fiscal Notes:

The funds are available in the Transportation CFP, Water CFP, and TBD. A portion of the project is funded by a Safe Routes to School grant.

The additional construction costs for this project will be funded under the city CFP funds and TBD fund as applicable.

6) Attachments:

A. Project Overview