



Board Report

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Agenda Number: 21

CONSTRUCTION COMMITTEE MARCH 17, 2016

SUBJECT: PATSAOURAS BUS PLAZA STATION

**ACTION: AUTHORIZATION FOR LIFE OF PROJECT BUDGET AND CONTRACT
MODIFICATION AUTHORITY**

RECOMMENDATION

CONSIDER:

A. INCREASING the Life of Project (LOP) and Contract Modification Authority (CMA) as follows:

1. **LOP Budget for Patsaouras Bus Plaza Station** (PBPS CP 202317) by \$8,809,000, from \$30,984,000 to \$39,793,000; and
2. CMA for Contract No.C0970 with OHL USA, Inc. (OHL), in the amount of \$6,276,800, from \$1,983,200 to \$8,260,000.

B. AUTHORIZING the Chief Executive Officer (CEO) to execute Contract Modification:

1. No. 9 to Contract No. C0970, with OHL in the amount of \$697,185, increasing the total value of the Contract from \$20,247,802 to \$20,944,987; and
2. No. 10 to Contract No. C0970, with OHL in the amount of \$3,694,695, increasing the total value of the Contract from \$20,944,987 to \$24,639,682.

ISSUE

This action is required to increase the PBPS LOP budget consistent with the current projected forecast and approve an increase in the CMA to allow staff to execute two separate Contract Modifications over \$500,000 each with OHL for design related changes:

- Contract Modification No. 9 is in the amount of \$697,185 to provide two lanes westbound from the PBPS for safety reasons.
- Contract Modification No. 10 is in the amount of \$3,694,695 to redesign and construct structural footings for the El Monte Busway Bridge widening at Patsaouras Bus Plaza Station in order to accommodate the existing Metro Red Line service tunnels that were incorrectly

depicted by the Advanced Conceptual Engineering (ACE) drawings.

DISCUSSION

Background

As originally envisioned, the PBPS scope of work was to relocate the patron boarding island situated at the corner of Alameda Street to the east side of Patsaouras Bus Plaza for buses running on the El Monte Busway. The idea was to accomplish this by widening the existing El Monte Busway Bridge, building a new passenger station in the median, and creating either an undercrossing or overcrossing to allow passengers to cross directly into Patsaouras Bus Plaza. The proposed configurations were coordinated with the Union Station Master Plan and High Speed Rail and the proposed PBPS location was selected as the preferred alternative. Other project objectives also included:

- Build a transit station properly reflecting its surroundings.
- Allow more efficient passenger boarding and alighting.
- Direct pedestrian connection to Union Station, Metro’s primary transit hub.
- Provide passenger amenities such as lighting, CCTV, information displays, shelter or landscaping.
- Provide a more convenient connection between the Silver Line and Express Lanes, rail and conventional bus transit.
- Reduce pedestrian walking distance encouraging mode shift to regional and local buses, heavy rail, light rail and commuter trains.
- Improve the overall operational efficiency of Patsaouras Bus Plaza.

LOP Budget

In September 2012, contractor bids were rejected because they exceeded our budget by a range of \$7 to \$11 million. In order to reduce costs on the project, Metro revised the project design and re-solicited the project. In October 2013, Metro received a low bid approximately \$4 million less than the previous low bid.

Based on the bid amount, the LOP budget for the project was approved by the Board in January 2014 in the revised amount of \$30,984,000. A design/build (D/B) contract was subsequently awarded to OHL USA Inc. in the amount of \$19,832,000 on February 26, 2014. In addition, the Board approved the initial contingency of \$2,817,000 within the LOP budget. The following table summarizes the approved LOP.

Cost Category	Amount
Design/Prof. Services	\$2,598,000
Construction Contract	\$19,992,000
Construction Mgmt.	\$1,900,000

Special Conditions (3 rd Party)	\$750,000
Staff Labor	\$2,927,000
Contingency	\$2,817,000
Approved LOP	\$30,984,000

PBPS Construction Contract

The PBPS most complex and high risk condition is the existing underground Metro Red Line service tunnels. The project team discovered during design development that the Metro Red Line service tunnels geometry and PBPS foundations were not correctly depicted by the ACE drawings during preliminary engineering. As a result, Metro requires complete PBPS structural foundation redesign in the area of the Metro Red Line service tunnels in order to avoid potential project conflicts. Redesigning the structural foundations is the only solution to build the project at this location. The modification is necessary to correct a plan deficiency in the engineering design drawings. As has been previously reported to the Board, staff is in the process of evaluating and assessing an errors and omissions claim with the insurer of the prime ACE design consultant for full cost recovery.

OHL had submitted three claims for a total of \$8,633,533 related to the PBPS bridge foundation system including redesign, added construction costs and compensable time related impacts. Through a negotiation process, Metro determined that the claims had merit and OHL and Metro reached a proposed resolution of all of OHL’s requests for PBPS bridge foundation system claims, including delay and related impacts, as Contract Modifications shown in the table below.

Claim Issue	OHL Claim Amount	Metro Negotiated Amount
Redesign	\$156,923	Inc. in Construction \$
Construction	\$7,244,610	\$3,694,695
Compensable Time	\$1,232,000	\$499,000
Bridge Foundation Contract Modification	\$8,633,533	\$4,193,695

As part of the negotiation, OHL has not only agreed to settle their compensable time extension request for 308 calendar days as shown above, they have also reduced the contractual date for substantial completion by two months by agreeing to work a six day 10-hour per day work week. Construction is anticipated to start April 2016 and be substantially completed by October 2017. And finally, OHL has agreed to absorb five pending change orders in the approximate amount of \$208,000 as part of the negotiated compensable time extension of \$499,000.

The PBPS design originally included two lanes eastbound and one lane westbound from the proposed bus station. However, after further engineering and design review from Metro and Caltrans staff, it was determined that a two lanes westbound lane configuration is safer due to merge speeds when Metro buses and automobiles travelling on the High Occupancy Toll (HOT) lanes converge.

These modifications are necessary to improve safety of merging bus and automobiles travelling on the HOT lanes. Metro has processed and negotiated the Contract Modification pending Board approval requested herein in the amount of \$697,185.

The PBPS project currently does not have adequate contingency or Contract Modification Authority to cover these two change orders for design and engineering costs. This project requires a substantial contingency reserve balance for a project with PBPS's complexity and high risk that has not yet started active construction. Aside from these two modifications, there are two other items requiring negotiation with OHL, as shown in the table below. As discussed above, OHL and Metro have negotiated all potential change orders related to ACE design errors and omissions. Five change orders have been processed and were executed as Contract Modifications in the amount of \$415,803. The remaining pending change orders were all evaluated by Metro as being with merit for an outstanding pending contract modification in the amount of \$635,000.

Therefore, staff is requesting additional CMA of \$8,260,000 to provide funding for the previously executed contract modifications, the two identified Contract Modifications over \$500,000, pending Contract Modifications and potential contract value for the project contingency. In regards to the project contingency, it is the PBPS project team recommendation to retain the original project contingency value due to the project's continued complexity and high risk, consistent with FTA *Project and Construction Management Guidelines*. These contingency funds would be reserved to cover any unforeseen conditions and Potential Contract Modifications that may arise during construction, not identified in the table below. A summary of approved and Pending Contract Modifications is found in the Contract Modification/Change Order Log, Attachment C.

As part of completion of the project, the PBPS project team comprehensively reviewed the approved LOP budget of \$30,984,000 and identified additional funds needed to complete the project and open for revenue service in Fall 2017. The extended duration of the project will also require additional funds for construction management services, staff labor, design services and 3rd Party.

In addition, as a result of the revised foundation system, Metro now has to relocate an existing LADWP vault and conduit that previously was not impacting construction. Although Metro believes that relocating this utility is the responsibility of LADWP, in order to move forward and not impact the contractor, Metro will issue a work order to LADWP in the approximate amount of \$1,500,000. Metro intends to seek reimbursement of all costs to design and relocate this utility from LADWP. This cost is included under "Special Conditions (3rd Party)."

As shown in the table below, we are recommending approval of the LOP budget increase of \$8,809,000, to fund the recommended Contract Modifications and provide additional funding needed to complete the PBPS project per the forecasted major cost categories as revised.

Cost Category	Additional Funds Needed
Construction Contract Modifications	\$5,443,000
Design/Professional Services	51,000
Construction Management	1,485,000
Special Conditions (3 rd Party)	1,767,000
Staff Labor	63,000
Additional LOP Needed	\$8,809,000

The revised LOP budget request of \$39,793,000 is not atypical of other similar Metro transit stations making complex connections. Even with the increased project budget, the revised cost is in-line with recent Metro bus and rail station improvements, such as the Rosa Parks Metro Rail Station and North Hollywood Underpass. Most importantly, the PBPS will be a significant Metro asset connecting the region to Union Station, Metro’s primary transit hub. Union Station currently serves 120,000 daily passengers and is projected to nearly double by 2040, further increasing the need for the new PPBS station.

DETERMINATION OF SAFETY IMPACT

This Board action will result in a significant safety improvement to Metro bus operations and the overall safety of our patrons using both the PBPS and HOT Lanes. The two lanes westbound lane configuration greatly improves the safety factor of automobile speed and stopping distance the required bus acceleration distance.

FINANCIAL IMPACT

This Board action would increase the LOP budget by \$8,809,000 and establish a revised LOP budget for the PBPS in the amount of \$39,793,000. The new funding required would be programmed into the Fiscal Year (FY) 17 and FY18 budgets per Attachment B. There is no impact to the current FY16 budget.

Use of Funds	Amount
Design/Prof. Services	2,649,000
Construction Contract	25,435,000
Special Conditions (3rd Party)	2,517,000
Construction Management	3,385,000
Metro Staff Labor	2,990,000
Contingency	2,817,000
Revised LOP Budget	\$39,793,000

The source of the funding for the revised LOP budget of \$39,793,000 is comprised of:

- \$9,679,000 - Federal Grant funds
- \$16,590,000 - Prop C25 Highway funds
- \$1,200,000 - Federal Section 5307 (CRD) funds
- \$3,215,000 - Ramirez Flyover (Union Station escrow)
- \$9,109,000 - Proposition C25 Debt

The FY budgets would be programmed in Cost Center 8510, Construction Procurement, under Capital Project No. 202317 (Patsaouras Plaza Busway Station), Account 53101, Acquisition of Building and Structures.

Since this a multi-year project, the cost center manager and the Executive Director, Program Management would be responsible for budgeting project costs in future fiscal years. The project budget and funding plan is included in Attachment B.

Impact to Bus and Rail Operating and Capital Budget

In June 2015, staff reported a \$900 million shortfall through FY 2024 in the financial forecast for the 2014 Short Range Transportation Plan (SRTP). That shortfall level could be further exacerbated by unanticipated cost increases, revenue forecast disparities, and American's with Disability Act mandates. Through the Risk Allocation Matrix (RAM) process, staff are monitoring and managing the forecasted deficit.

The PBPS LOP increase requires the utilization of Proposition C 25% funds. Proposition C 25% Transit Related Highway Improvement funds are utilized, or are planned to be utilized, by various rail right of way, highway, and soundwall improvement projects in the 2014 SRTP and RAM processes. No other eligible funds exist that are not already accounted for in the SRTP and RAM processes. If this action is approved, the increase must be funded directly or indirectly through additional borrowing against Proposition C sources.

ALTERNATIVES CONSIDERED

The Board of Directors may choose to:

1. Terminate the project by not authorizing the proposed Contract Modification for the Patsaouras Bus Plaza Station.
2. Complete the Design portion and re-bid the Build portion of the D/B Contract No. C0970, hence switching to a Design/Bid/Build delivery method. This will require terminating the Builder, procuring a new construction contractor and keeping the existing Designer on-board for design support services during construction. This approach would be risky and could lead

to even higher construction costs.

3. Transpose the HOT Lanes direction between the LAC-USC Medical Center bus station and Alameda Street to allow direct access to the Patsaouras Bus Plaza and/or Union Station. This concept would be more expensive than the current proposed project.
4. Move the bus station to the end of the HOT Lanes and upgrade the existing Alameda Street bus stop.
5. Complete PBPS design using existing contract authority and delay construction until other funding sources and/or alternative funding scenarios are identified for the proposed LOP budget increase.

These alternatives are not recommended since they would, with the exception of Items Nos. 2 and 5, prevent staff from completing this transit improvement project as currently proposed and described in the FTA Sustainability Grant. Also, these alternatives would require FTA approval and/or concurrence. FTA has advised staff that completion of this transit improvement project is in their view a key transit element of the HOT Lanes project, and not implementing the project could jeopardize the \$9,679,000 FTA Sustainable and Livable Communities Grant.

NEXT STEPS

Upon Board approval, Metro's project team will continue the PBPS project to the Build stage and work diligently with the contractor to resolve current and potential disputes and any resultant claim issues within the revised CMA budget as well as discuss schedule critical path and review potential mitigation opportunities available to the project to further reduce impacts to the project budget.

As has been previously reported to the Board, staff is in the process of evaluating and assessing an errors and omissions claim with the insurer of the prime ACE design consultant for full cost recovery.

ATTACHMENTS

- A. Attachment A - Procurement Summary Patsaouras Plaza Busway Station
- B. Attachment B - LOP Funding and Expenditure Plan for PBBS Project
- C. Attachment C - Contract Modification/Change Order Log
- D. Attachment D - DEOD Summary

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