

**Board Report**

File #: 2015-1596, **File Type:** Contract

Agenda Number: 26.

**CONSTRUCTION COMMITTEE
NOVEMBER 19, 2015**

**SUBJECT: DIVISION 13 BUS OPERATIONS AND MAINTENANCE FACILITY (DIVISION 13)
CONSTRUCTION CONTRACT**

ACTION: INCREASE CONTRACT MODIFICATION AUTHORITY

RECOMMENDATION

AUTHORIZING an increase in Contract Modification Authority (CMA) to Contract No. C0974 with **McCarthy Building Companies for Division 13 Bus Operations and Maintenance Facility** in the amount of \$1,000,000, increasing the total CMA from \$18,512,000 to \$19,512,000. This action does not affect the FY2016 or Life of Project budget.

ISSUE

This action is required to provide additional funding to issue Contract Modifications for construction of Division 13 and not delay final completion scheduled for December 2015.

DISCUSSION

The volume of construction change orders is depleting the CMA and is directly related to design-related changes. Numerous design errors and omissions caused significant impacts in McCarthy's planned construction effort, resulting in above industry-standard construction change orders and requiring additional redesign effort from the designer-of-record, Maintenance Design Group (MDG), to correct design-related changes. The design disciplines that have been the most problematic include mechanical, electrical and plumbing. The project team estimates that design-related changes amounted to approximately \$10,445,141 in additional costs, or approximately 14% of the original contract value. These costs were also absorbed by the project contingency as identified in the attached Contract Modification/Change Order Log (Attachment B). Metro has evaluated all design-related changes related to this project, have retained counsel, and are actively pursuing an Errors and Omissions claim to recover these costs from the designer-of-record, its subcontractors and/or their insurers.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on established Metro safety standards.

FINANCIAL IMPACT

The funding for this change order will come from the Division 13 budget, Capital Projects 202001. There are sufficient funds within the Life-of-Project (LOP) budget for this expenditure, and the LOP for the project will not be changed. This is a multi-year project. The Project Manager and Executive Director, Program Management will be responsible for budgeting future costs.

Impact to Budget

The source of funds for this action is already included within the Division 13 contingency budget. No additional funds are being requested.

ALTERNATIVES CONSIDERED

The Board may choose not to authorize an increase to the Contract Modification Authority for Contract C0974. This alternative is not recommended because without additional CMA, Division 13 would not have additional funding to process construction change orders with McCarthy. This would significantly delay staff from completing this much needed bus maintenance and operations facility while the project is under construction.

NEXT STEPS

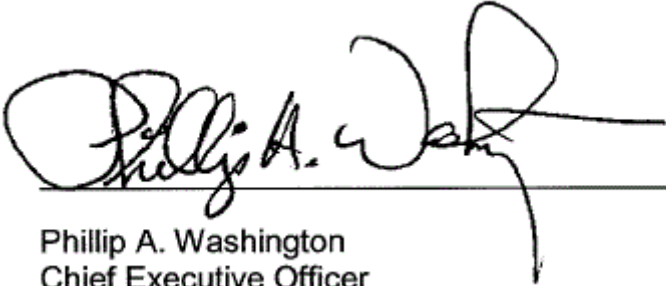
Upon Board approval, Metro's project team will continue to work diligently processing and negotiating construction change orders with McCarthy within the revised Contract Modification Authority. Division 13 is scheduled to begin revenue operations in January 2016.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

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