



Board Report

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Agenda Number: 21.

**CONSTRUCTION COMMITTEE
JUNE 15, 2017**

SUBJECT: WESTSIDE PURPLE LINE EXTENSION PROJECT - SECTION 3

ACTION: AUTHORIZE BID STIPEND AGREEMENTS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to enter into a stipend agreement with each of the unsuccessful responsive proposers for **Section 3 of the Westside Purple Line Extension Project for the Stations Trackwork and Systems** design build contract, in an amount of \$1,250,000, to be paid to the unsuccessful responsive and responsible proposers.

ISSUE

Board approval is necessary to authorize the CEO to enter into stipend agreements for Contract C1152, for the final design and construction of the Section 3 Stations, Trackwork and Systems. A common construction industry practice is to pay a stipend to each unsuccessful responsive and responsible proposer because of the high cost of producing a competitive and comprehensive proposal.

Stipend agreements will allow compensation to each of the unsuccessful responsive and responsible proposers to purchase their work products, which may include, but are not limited to, technical concepts, which in turn will entitle Metro to use any of the work products in implementing the Project.

DISCUSSION

In January 2017, the Board authorized the use of a design/build contracting approach for the Westside Purple Line Extension Project - Section 3. The Request for Qualifications/Request for Proposal (RFQ/RFP) is scheduled to be issued this summer. As part of the solicitation package, a stipend agreement is recommended to be included.

Sections 1 and 2 have one design/build contract each to construct each project. Section 3 will have two design/build contracts; one for the tunnel construction and one for stations, trackwork and systems; hence, the recommended lower stipend amount.

The Board previously approved stipend amounts for each of the major capital projects design build contracts, to be paid to each unsuccessful responsive proposer. In February 2013 the Board approved a stipend of \$1,000,000 for the Crenshaw/LAX Project; for the Regional Connector Project the Board approved a stipend of \$1,000,000 in January 2013; for the Westside Purple Line Extension, Section 1 the Board approved a stipend of \$1,500,000 in January 2013; and for the Westside Purple Line Extension, Section 2, the Board also approved a stipend of \$1,500,000 in May 2015.

It is estimated that the preparation of a proposal for the size of this contract may cost upwards of four to six million dollars per proposer. Stipends will not only encourage more proposers to compete, but the resulting work products, which may include, but are not limited to technical concepts, will become the property of Metro. These work products may result in cost saving features that may be subsequently incorporated into the construction contracts, resulting in a lower overall project cost.

Should Metro decide not to award the design/build contract after proposals have been submitted, all responsive and responsible proposers would be paid the stipend in the amount of \$1,250,000.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on established safety standards for Metro's construction projects.

FINANCIAL IMPACT

Funds are included in the FY18 budget under Project 865523 Westside Purple Line Extension Project - Section 3, in Cost Center 8510 (Construction Project Management), and Account No. 53101 (Acquisition of Building and Structure). Since this is a multi-year project, the Chief Program Management Officer and the Project Manager will be responsible for budgeting costs in future years.

Impact to Budget

The sources of funds for the recommended action are Measure R 35% and Measure M 35%. The approved FY18 budget is designated for the Westside Purple Line Extension Project - Section 3 and does not have an impact to operations funding sources. These funds were assumed in the Long Range Transportation Plan for the Westside Purple Line Extension Project. This Project is not eligible for Propositions A and C funding due to the proposed tunneling element of the Project. No other funds were considered.

ALTERNATIVES CONSIDERED

The Board may reject the recommendation to compensate each of the qualified unsuccessful responsive and responsible proposers to defray some of the costs of preparing a proposal, but this may limit the competition and would not allow Metro to take advantage of their work products and innovation, which may reduce overall project cost.

NEXT STEPS

Upon Board approval, a stipend agreement will be included as part of the solicitation documents for Contract C1152 - Stations, Trackwork and Systems. Stipend agreements will be executed with all responsive and responsible proposers.

Prepared by:

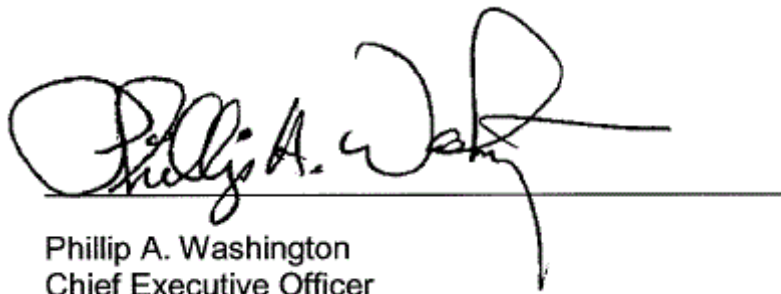
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