



Metro

**REGULAR BOARD MEETING
DECEMBER 4, 2008**

SUBJECT: I-405 HOV LANE PROJECT

ACTION: AUTHORIZE BID STIPEND AGREEMENTS

RECOMMENDATION

Authorize the Chief Executive Officer to enter into Bid Stipend Agreements with each of the unsuccessful responsive bidders for Contract CO882 (I-405 HOV Lane) in an amount of \$1,000,000 per Stipend Agreement in exchange for the bidder's agreement that Metro shall be entitled to use all of the work products included with the bid.

ISSUES:

Board approval is necessary to authorize the Chief Executive Officer to enter into Bid Stipend Agreements to compensate each of the unsuccessful bidders for their work products which in turn will entitle Metro to use all of the work products in implementing the project.

RATIONALE:

An Invitation for Bids (IFB) for the I-405 HOV Lane Project was issued on October 10, 2008 after a series of industry reviews with potential bidders. During the industry reviews, the potential bidders expressed their concerns regarding the bid preparation costs related to the Design-Build delivery approach that will be utilized for the I-405 HOV Lane Project. Staff has determined that the concerns raised by the potential bidders are valid and that compensation in an amount of \$1,000,000 per Stipend Agreement in exchange for the bidder's agreement that Metro shall be entitled to use all of the work products included with the bid is fair and reasonable.

BACKGROUND:

The I-405 Northbound High Occupancy Vehicle (HOV) Lane between I-10 and US-101 is a joint effort by Metro and Caltrans. It is necessary to begin drawdown of Federal funds for the project by September 2009. In order to meet this schedule, it was determined the design/build delivery approach needed to be used for this project. Subsequently, the state passed enabling legislation that allowed Metro to use its design/build delivery method since Caltrans is not authorized to utilize this delivery method. Therefore, Metro is the lead agency for the project and the design/build contract will be awarded by Metro. While Metro will take the lead

management role, Caltrans will be working closely with Metro to implement this project. Caltrans will provide design approvals and construction oversight for the project.

The procurement of Contract No. C0882 is for a design-build delivery system, in accordance with Public Utilities Code §130242, issued as a two-step Invitation for Bid (IFB) for a firm fixed price contract. An industry review was held between September 2007 and September 2008.

Request for Qualifications (RFQ) was issued July 7, 2008 with responses to the RFQ, Statement of Qualifications (SOQ), on August 20, 2008. Two potential bidders a) the Sepulveda Pass Constructors, Joint Venture, consisting of Washington Division of URS Corporation, Skanska USA Civil West California District, Inc. and Steve Rados, Inc. and b) Kiewit Pacific Company submitted their SOQ in compliance with the due date of August 20, 2008.

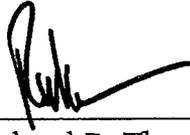
The IFB for Contract No. C0882 was issued on October 10, 2008. Bids are due on February 6, 2009. The Award of Contract No. C0882 is planned for March 2009 with Notice-to-Proceed scheduled for late March 2009.

Because of the high cost of producing a competitive proposal and accurate bid, it is necessary for the owner to provide stipends to the losing teams. This encourages competition by helping defray some of the costs of preparing a bid for such a large scale complex project as this one. Typically, the preparation of a bid for this type of project will cost \$2 to \$5 million. In addition, by paying stipends, the owner not only encourages more bidders, the resulting work products become the property of the owner. These work products often result in cost saving features that are subsequently incorporated into the project, resulting in an overall lower cost.

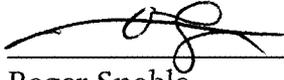
FINANCIAL IMPACT

Funds for the I-405 HOV project are drawn from the funding allocated to the project from state and federal sources. The funding necessary for this action is included in the FY09 adopted budget.

Prepared by: Dennis Mori
Richard D. Thorpe



Richard D. Thorpe
Chief Capital Management Officer



Roger Snoble
Chief Executive Officer

