



**Expo**

Exposition Metro Line  
Construction Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

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BuildExpo.org

**6.a**

**DATE: MARCH 2, 2006**

**TO: BOARD OF DIRECTORS**

**FROM: RICHARD D. THORPE**   
**CHIEF EXECUTIVE OFFICER**

**ACTION: AUTHORIZE THE CEO TO AWARD AND EXECUTE THE  
NEGOTIATED DESIGN-BUILD CONTRACT NO. 1-06,  
CONTINGENT ON COMPLETION OF NEPA PROCESS, AND TO  
ISSUE A NOTICE TO PROCEED FOR DESIGN AND  
PROFESSIONAL SERVICES**

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**RECOMMENDATION**

Authorize the Chief Executive Officer (CEO) to award and execute Contract No. 1-06 in an amount not to exceed \$420,207,000, with the joint venture of FCI/Fluor/Parsons, following the issuance of the Record of Decision by the Federal Transit Administration, and to issue a Notice to Proceed (NTP) for the Design and Professional Services Scope of Work, in an amount not to exceed \$77,757,000.

**SUMMARY**

At its meeting on February 2, 2006, the Authority Board authorized the CEO to negotiate with the top ranked proposer, FCI/Fluor/Parsons, for award of Negotiated Design-Build Contract No. 1-06 for Final Design and Construction of the Project, and to return to the Board with a recommendation for award if those negotiations proved to be successful. During February, negotiations were conducted with FCI/Fluor/Parsons and the negotiations resulted in a mutually satisfactory agreement.

**DISCUSSION**

In September 2005, the Authority Board authorized solicitation of proposals for procurement of a Negotiated Design-Build Contract No. 1-06 (Contract) for Final Design and Construction of the Expo Project and use of a Best Value Selection

process for this contract. Proposals were received on January 5, 2006 and comprehensive evaluation of proposals was conducted in accordance with the Best Value Selection process defined in the Request for Proposals (RFPs). The evaluation, involving a total of 19 evaluators serving on five different and independent evaluation committees, resulted in the Joint Venture of FCI/Fluor/Parsons being determined the top ranked proposer. In accordance with the adopted selection process, a recommendation to authorize the CEO to negotiate with the top ranked proposer was presented to the Board at its February meeting and was approved unanimously by the Board.

Negotiations were conducted with FCI/Fluor/Parsons during February. These negotiations focused on resolution of the Exceptions to the RFP identified by FCI/Fluor/Parsons in its proposal. Each of the Exceptions were discussed and resolved to the mutual satisfaction of both parties. The negotiations also included discussion of certain elements of the proposal to ensure the contractor's proposed approach and price proposal was based on an accurate and complete understanding of the contract and project requirements. In addition, Authority representatives reviewed the elements of contractor's price proposal to determine whether the proposed price was fair and reasonable. On completion of negotiations, it was determined that the proposal, as modified, meets the requirements for recommendation for award.

The award and execution of Contract No. 1-06 and the issuance of the NTP for Design work and Professional services are contingent on prior issuance of a Record of Decision (ROD) by FTA. Once the Authority receives the ROD, the CEO will award and execute the contract and issue the NTP, which will enable design and professional services to commence. Upon completion of individual design packages, the Authority and Design-Builder will negotiate a lump sum fixed price or prices for the construction package(s) prior to issuing a Notice to Proceed for the construction work.

## **FINANCIAL IMPACT**

The negotiations for this Design-Build contract resulted in a price, which the CEO determined is fair and reasonable and within the overall project budget amount of \$640,000,000. However, costs exceeded estimates in the areas of design fee, professional services fee, construction fee and insurance by \$17,700,000. Authority to award this contract will therefore require the transfer of \$17,700,000 from the \$84,000,000 Project contingency to the various line items mentioned above resulting in a revised Project contingency of \$66,300,000.

The Project contingency was established as a project budget line item specifically to cover unknown changes in the estimated costs for the Project. The remaining Project contingency represents 15% of the remaining unknown project cost. Staff believes the remaining Project contingency to be an appropriate level for projects at this phase of development.

## **NEXT STEPS**

Upon Board authorization of award of Contract No. 1-06 to FCI/Fluor/Parsons and receipt of the ROD, the conformed contract will be submitted to the contractor for execution. Following contract execution and receipt of required documents from the contractor, a Notice to Proceed will be issued to the contractor to permit Design and Professional Services to be initiated. Construction will not be authorized until completed design packages are submitted and satisfactorily negotiated.

## **ATTACHMENT(S)**

None