



**Metro**

Metropolitan Transportation Authority

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**26**

**OPERATIONS COMMITTEE  
JULY 20, 2006**

**SUBJECT: NEW DIVISION 9 TRANSPORTATION BUILDING PROJECT**

**ACTION: AUTHORIZE MODIFICATION TO CONTRACT NO. C0752 FOR AN  
AMOUNT NOT TO EXCEED \$750,000**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute contract modifications to Contract No. C0752 with W.E. O'Neil Construction Company of California (WEO) for the design and construction of a new 3-story Transportation Building at Metro's Division 9 facility, for a contract modification authority (CMA) amount not to exceed \$750,000, allowing a potential increase to the Total Contract Value from \$12,941,813 to \$13,691,813. The additional CMA is within the Board-approved life of project budget (LOP).

**RATIONALE**

On July 29, 2005, the Chief Executive Officer approved a design/build contract award to WEO for \$12,941,813 to conduct final design, construction, and construction management for Metro's new 42,000 square foot transportation building at the Division 9 Facility in El Monte, California, on Caltrans property. Design work by WEO started in August 2005, and construction of the building commenced in January 2006. At present, the majority of subsurface and utility work is complete, and the foundations have been poured. Substantial completion of the building is scheduled for March 2007. A procurement summary is included as Attachment A.

During demolition, excavation, utility work, and grading for the project, excessive fill debris such as concrete, bricks, and various trash items was observed throughout the subsurface of the building site. The presence of the fill debris was unknown to all parties prior to award of the contract, and is a differing site condition, portions of which are compensable to the contractor. The additional work required to deal with the fill debris included additional excavation, additional recycling, heavier excavation equipment, hauling and disposal of excavated materials, and delays to the schedule due to the additional time required to complete trenching.

The Division 9 transportation building is being constructed within a very small work area across from the existing parking structure. Further, additional utilities were located in the field which were previously unknown to the Contractor, or were routed in differing locations from Metro's as-built drawings, some of which were acquired from Caltrans. This has resulted in incurring additional cost in order to relocate utilities, avoid disruption to the

existing utilities, and preparing the building pad for foundation work, all while complying with the covenants of the property agreement with Caltrans and not impacting the operation of Metro's Division 9 bus facility.

In order to stay on schedule for the Project, the additional work required to deal with the fill debris and the utility relocations has already been completed. All foundation work was completed in June 2006, and erection of the steel superstructure will commence by the end of July 2006.

Metro is also seeking a LEED Silver Certification for the Division 9 transportation building. The LEED (Leadership in Energy and Environmental Design) Green Building Rating System® is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. In order to accomplish a LEED Silver Certification, the Division 9 transportation building must be constructed using state of the art strategies for sustainable site development, water savings, energy efficiency, and materials selection and indoor environmental quality. WEO's original bid for the project only covered basic LEED Certification; however, as design for the project has progressed, staff has opted to achieve a Silver LEED certification. The primary motivation to achieving the Silver LEED certification relates to energy and water performance, and at this stage of design staff anticipates the building will use an average of 50% less water and electricity than a conventionally designed building, at a very minor cost increase over basic certification. Staff estimates that the LEED investment and focus on building sustainability will offer a return on investment of approximately 4-6 years.

Three change notices have been issued to date and forwarded to WEO for pricing. Estimation and negotiation of these three change notices is still in process; however, the changes are estimated to total approximately \$207,000. A summary of change notices and requests is included as Attachment B.

In addition, WEO has submitted 14 additional "requests for change" for out-of-scope design and construction work that have been reviewed or are currently under review by Metro staff. Several of these change requests will be rejected; however, others will have merit and will be negotiated, approved, and executed by Metro as the project progresses. Although detailed estimation and negotiation for these requests has not yet been conducted, staff estimates that these additional changes could total up to approximately \$350,000. Change requests determined to have merit are summarized in Attachment B.

As discussed above, the majority of subsurface and utility work has been completed, and all foundations have been poured. The 100% complete construction documents were submitted to Metro on June 27, 2006 and are currently under review. To date, with the three changes totaling \$207,000 and the remaining contemplated changes estimated to be a maximum of approximately \$350,000, the estimated contract modifications could total \$557,000. Although changes for differing site conditions typically occur in the subsurface phase of projects, which is complete, there are approximately seven more months of construction to go prior to opening of the building.

In order to exercise contract modifications to cover changes that could total approximately \$557,000, and to minimize any future potential construction delays and cost impacts related to potential changes over the next seven months, staff requests that the board authorize staff to execute contract modifications to Contract C0752 in an amount not to exceed \$750,000 in CMA. This value is slightly less than 6% of the total original contract value of \$12,941,813. Upon approval of the CMA, staff will evaluate, negotiate, and execute the change orders.

### **FINANCIAL IMPACT**

Funding for this action is included in the FY07 budget in cost center 3341, Capital Project No. 202014, New Division 9 Transportation Building and Facilities Improvements. The life-of-project budget does not change as a consequence of the additional CMA, since staff incorporated contingency in the LOP to cover unforeseen conditions and potential changes, if required.

### **ALTERNATIVES CONSIDERED**

The Board of Directors may choose not to authorize the spending authority for contract modifications. However, this alternative is not recommended, since rejection could result in work stoppage, construction delays, and possible cost increases.

### **IMPACTS TO OTHER CONTRACTS**

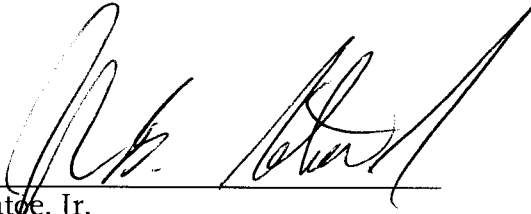
The vendor for the contract (WEO) is the prime contractor for the project, and there will be no impacts to other contracts as a result of this Board action.

### **ATTACHMENTS**

- A. Procurement Summary
- A-1. Procurement History
- A-2. Small Business Participation
- B. Amendment Log

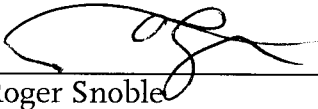
Prepared by:

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Michael T. Holguin, Senior Contract Administrator



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John B. Catoe, Jr.  
Deputy Chief Executive Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**NEW DIVISION 9 TRANSPORTATION BUILDING PROJECT**

|     |  |  |  |
|-----|--|--|--|
| 1.  | Contract Number: C0752   |  |  |
| 2.  | Recommended Vendor: W. E. O'Neil Construction Company of California          |  |  |
| 3.  | Cost/Price Analysis Information:   |  |  |
|     | A. Bid/Proposed Price:<br>\$N/A  | Recommended Price:<br>\$N/A                      |  |
|     | B. Details of Significant Variances are in Attachment A-1.D                  |  |  |
| 4.  | Contract Type: Firm Fixed Price  |  |  |
| 5.  | Procurement Dates:   |  |  |
|     | A. Issued N/A  |  |  |
|     | B. Publicized: N/A   |  |  |
|     | C. Pre-proposal Conference: N/A  |  |  |
|     | D. Proposals Due N/A   |  |  |
|     | E. Pre-Qualification Co N/A  |  |  |
|     | F. Conflict of Interest Form Submitted to Ethics: August 2005                |  |  |
| 6.  | Small Business Participation:  |  |  |
|     | A. Bid/Proposal Goal:<br>25% M/WBE VALP goal                                 | Date Small Business Evaluation Completed:<br>N/A |  |
|     | B. Small Business Commitment: M/WBE VALP                                     |  |  |
| 7.  | Invitation for Bid/Request for Proposal Data:                                |  |  |
|     | Notifications Sent:<br>N/A   | Bids/Proposals Picked up:<br>N/A                 | Bids/Proposals Received:<br>N/A            |
| 8.  | Evaluation Information:  |  |  |
|     | A. Bidders Name:<br>N/A  | <u>Bid / proposal Amount:</u><br>N/A             | <u>Best and Final Offer Amount:</u><br>N/A |
|     | B. Evaluation Methodology: Explicit Factors. Details are in Attachment A-1.C |  |  |
| 9.  | Protest Information:   |  |  |
|     | A. Protest Period End Date: N/A  |  |  |
|     | B. Protest Receipt Date: N/A   |  |  |
|     | C. Disposition of Protest Date: N/A  |  |  |
| 10. | Contract Administrator:<br>Michael T. Holguin                                | Telephone Number:<br>922-7365                    |  |
| 11. | Project Manager:<br>Tim Lindholm   | Telephone Number:<br>922-7297                    |  |

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY**

**NEW DIVISION 9 TRANSPORTATION BUILDING PROJECT**

**A. Background on Contractor**

W.E. O’Neil Construction of California (WEO) is a subsidiary of O’Neil Industries headquartered in Chicago. They are located at 5245 Pacific Concourse Drive, Suite 260 in Los Angeles, California. Founded in 1925, WEO launched the Southern California office in 1985. Since then WEO has been diversifying their project experience in both the commercial and public sectors. In 2003, WEO topped \$130 M in revenue comprised of both public and private work.

Public projects for other clients include:

- US Post Office Processing & Distribution Center in Long Beach
- UCLA Fowler Museum
- U.C.S.B (Bio-Tech Lab) Santa Barbara, California

WEO’s performance under contract C0752, awarded in July 2005 has been satisfactory to date.

**B. Procurement Background**

Contract No. C0752, Division 9 Transportation Building, is a design/build Capital Project authorized by the Board of Directors, on September 26, 2002 and awarded within the authority of the Chief Executive Officer on July 29, 2005.

Three contract change notices have been issued to date and are in the process of being negotiated. In addition, WEO has requested changes on a number of other issues which are currently being evaluated for merit. The following is a summary of all of the current change notices

| RFC | CN#  | Description                       | Proposed  |
|-----|------|-----------------------------------|-----------|
| 001 | 1.00 | 60% Design Revisions              | \$----    |
| 004 | 2.00 | Subsurface Utility and Relocation | ----      |
| 008 | 3.00 | Subsurface Debris and Import      | ----      |
|     |      | Total                             | \$207,000 |

**C. Evaluation of Proposals**

Staff is currently evaluating the proposals and expects to have the evaluation complete by the end of July.

**D. Cost/Price Analysis Explanation of Variances**

Once estimates have been received on all change notices, staff will complete the cost analysis and negotiate the changes at a fair and reasonable price in compliance with Procurement Policies and Procedures.

**ATTACHMENT A-2  
LIST OF SUBCONTRACTORS**

**NEW DIVISION 9 TRANSPORTATION BUILDING PROJECT**

**PRIME CONTRACTOR** – W. E. O’Neil Construction Company of California

**Small Business Commitment**

**Other Subcontractors**

N/A

N/A

Total Commitment        N/A



**ATTACHMENT B**

**AMENDMENT LOG**

The following chart summarizes all change notices, requests for change (merit only), and the total contract modification authority (CMA) requested.

| <b>RFC</b> | <b>CN#</b> | <b>Description</b>                                 | <b>Estimate</b>  |
|------------|------------|--|------------------|
| 001        | 1.00       | 60% Design Revisions                               | \$----           |
| 004        | 2.00       | Subsurface Utility and Relocation                  | ----             |
| 008        | 3.00       | Subsurface Debris and Import/Recycle               | ----             |
|            |            | Subtotal CN's                                      | <b>\$207,000</b> |
| 003        | N/A        | Flooring System Upgrades                           | \$----           |
| 005        | N/A        | Interior Finish Upgrades for Durability and LEED   | ----             |
| 006        | N/A        | Furniture Impacts to Data & Communications         | ----             |
| 007        | N/A        | Exterior Signage Enhancements                      | ----             |
| 011        | N/A        | Impacts to Installation of Utilities               | ----             |
| 012        | N/A        | Installation of Additional Comm Conduits           | ----             |
| 013        | N/A        | Schedule Delays resulting from CN Nos. 2.00 & 3.00 | ----             |
| N/A        | N/A        | Additional allowance for LEED Silver Certification | ----             |
| N/A        | N/A        | Construction of New Entry Canopy Design            | ----             |
|            |            | Subtotal RFC's                                     | <b>\$350,000</b> |
| N/A        | N/A        | Additional CMA for Potential Future Changes        | <b>\$193,000</b> |
|            |            | <b>TOTAL CMA Requested</b>                         | <b>\$750,000</b> |

