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**CONSTRUCTION COMMITTEE
SEPTEMBER 20, 2007**

PROJECT: ALL TRANSIT CORRIDOR AND CAPITAL PROJECTS

CONTRACT: EN074, ENVIRONMENTAL WASTE HANDLING SERVICES, CH2M HILL CONSTRUCTORS, INC.

ACTION: INCREASE CONTRACT VALUE IN AN AMOUNT NOT-TO- EXCEED \$4,500,000

RECOMMENDATION

Authorize an increase in an amount not-to-exceed \$4,500,000 to Contract No. EN074 with CH2M Hill Constructors, Inc. (CCI), to issue additional Contract Work Orders for Environmental Hazardous Materials and Construction Services through fiscal year 2008, increasing the total contract value from \$5,900,000 to \$10,400,000.

Within Construction Committee authority: Yes No N/A

RATIONALE

Nearly every capital project, and many ongoing facilities maintenance or restoration activities undertaken by Metro require evaluation and, as necessary, removal or treatment of hazardous or contaminated substances. Metro must comply with all environmental laws to avoid fines, and civil or criminal liability. To ensure such compliance, Metro has solicited and awarded contracts for environmental services.

In December 2005, the Board authorized the negotiation and award of Contract No. EN074 with MACTEC Engineering and Consulting Services, Inc. (MACTEC Engineering) in the amount of \$5,900,000. As Metro and MACTEC Engineering cannot agree to the final terms of the contract; as authorized by the Board, Metro initiated then concluded negotiations with the next qualified proposer, CH2M Hill Constructors, Inc.

The original contract amount of \$5,900,000 was based on a staff cost estimate of work necessary to support Metro's approved Capital Construction Program for fiscal years 2006 and 2007. Fiscal year 2008 is the third year of this five-year Indefinite Quantity/Indefinite Delivery (IDIQ) contract.

Staff is now requesting an increase in the Contract value by \$4,500,000 to support fiscal year 2008 anticipated projects. This amount is based on Metro's Environmental Compliance and Services Department's (ECSD) estimated cost of CCI's services (Appendix A).

As the need for specific environmental waste handling and construction services arises, staff will issue Contract Work Orders and changes against the EN074 contract value. Considering the available information and applicable time constraints on performance of the work, most of the work will continue to be negotiated and paid on a fixed price basis. Staff will closely monitor the Contractor's budget and schedule using existing project management controls. No funds are committed to CCI until a Contract Work Order is awarded against a valid project.

Under Contract No. EN074, CCI assists with properly cleaning up, abating, managing, transporting, and disposing contaminated or hazardous materials at various Metro operating facilities. CCI's services include the sampling and testing of soils at various Metro locations to determine the contaminated or hazardous nature of unknown materials. Under this contract, CCI also performs construction services that require environmental contractor specialization regarding underground storage tank removal or retrofits and upgrades.

Specific examples of recent services that have been performed under the contract are the following:

- Emergency response to and remediation of lead dust contamination in the ventilation system of a Metro division office;
- Transporting and lawfully disposing of contaminated soils from the Metro Orange Line;
- Removal and disposal of abandoned and unused fuel storage tanks at Metro divisions, and disposal of soil contaminated by leakage from such tanks;
- Construction of leak-resistant and environmentally safe tank and mechanical systems at Metro divisions; and
- Asbestos and lead-based paint abatement from structures demolished in connection with construction of the Metro Gold Line Eastside Extension.

During fiscal year 2008, Metro anticipates a continued and expanded need for CCI's services in connection with the fuel tank system upgrades and removals, site remediation, Canoga Transportation Corridor, Metro Orange Line (MOL), the Metro Gold Line Eastside Extension (MGLEE), the Exposition Light Rail Transit Project (EXPO), ongoing Metro Rail and Bus Operations capital improvement projects, and the Lankershim Depot Restoration Project. Additional information on the nature of the environmental work for each of the projects is summarized below. Estimated costs associated with the proposed projects are also summarized in Attachment A.

Fuel Tank System Upgrades/Removals

Capital upgrades to existing fueling systems are anticipated this fiscal year to maintain compliance with State Water Resources Control Board, the South Coast Air Quality Management District, Los Angeles Department of Public Works, and the Los Angeles Fire

Department environmental regulations. Fiscal year 2008 projects include a new waste oil collection system for Division 7, and sump and piping upgrades to Divisions 6 and 10.

Site Remediation

Anticipated site remediation projects will require soil and water profiling, transport, and disposal. Fiscal year 2008 projects that will require these services include: bus facilities improvement projects involving excavations for clarifier, new bus wash areas located at Divisions 5 and 18, and remediation of contaminated soils at Division 12.

Canoga Transportation Corridor

The Canoga Transportation Corridor will include the Canoga Park and Ride Station (CP&R) as an integral part of the Locally Preferred Alternative (LPA). Most recently, the Los Angeles Regional Water Quality Control Board has ordered Metro to retrofit the CP&R to include infiltration as a storm water treatment option.

There is residual contaminated soil underlying the CP&R. Lacking additional LPA information, funds are requested to ensure site clean-up specifically if infiltration could be performed nowhere else except in CP&R areas that are currently known to contain residual soil contamination. Infiltration can only occur in those areas after the clean-up.

Orange Line

A busway upgrade is anticipated during fiscal year 2008. The project will include the removal of approximately six inches of contaminated soil material underneath the existing bus way along the Chandler Boulevard portion of the Orange Line. Once removed, soils will be waste profiled then transported and disposed to the most appropriate landfill.

Metro Gold Line Eastside Extension

Additional contaminated soils were recently discovered along the MGLEE alignment and have been excavated, removed, and properly disposed. Additional funding is requested to ensure expeditious completion of any emergency response to remove contaminated soils and other hazardous materials to be discovered along the alignment.

Exposition Light Rail Transit Project

Hazardous waste has been discovered at the Metro owned EXPO right-of-way. Remediation of hazardous and contaminated soils during the construction of the Exposition Light Rail Transit Project is required under a Voluntary Clean-up agreement signed by Metro and the Exposition Light Rail Authority with the Department of Toxic Substances Control. The EXPO Contractor is currently contracted to complete the required remediation at the EXPO right of way. The requested amount will be used to ensure completion of the site clean-up by CCI if the EXPO Contractor is unable to perform the required task.

Since EXPO is a multi-year project, unobligated or unexpended EXPO funds will be applied to remediation services related to the EXPO project beyond fiscal year 2008, up to the end of the EXPO construction period.

Bus and Rail Facility Capital Projects

There are several bus and rail facility projects scheduled this fiscal year that require waste profiling, transport, and disposal services. These include the hoist replacement project at Divisions 3, 5, 9, 10, and 18; renovations at Divisions 1, 3, 8, 9, and 15; and the proposed Union Division and LAX Division sites. Funds will be required to respond to anticipated contaminated soil and hazardous materials remediation, profiling, transport, and disposal.

Lankershim Depot Restoration

Anticipated project support will include lead and asbestos abatement, and waste management as part of the restoration of this historic building.

Contract Impact

Contract No. EN074 is an IDIQ contract. Metro funds are not obligated until a Contract Work Order (CWO) is issued by a Metro authorized Contracting Officer against a valid project budget. No expenditures are authorized until a Task Order is awarded by a Metro authorized Contracting Officer for a specific package of work within the CWO.

As of July 31, 2007, Metro's financial and change control systems indicate that \$3,782,554 out of the previously Board-approved \$5,900,000 has been obligated for completed and ongoing work (Appendix A). The remaining balance would not be sufficient to support CCI efforts to complete fiscal year 2008 anticipated work.

The additional increase the contract value funding of \$4,500,000 is an increase in the amount that may be obligated and spent under the Contract in fiscal year 2008. As this is a multi-year contract and the EXPO project is a multi-year project, unobligated or unexpended remainders in the total Contract amount may be applied to services beyond fiscal year 2008 up to the end of the Contract Period of Performance (currently March 16, 2011) or the completion of any Task Order issued during the Contract Period of Performance. However, obligations and authorizations made within the total Contract amount will be against specific project or operations budgets that make up the Board-approved Metro budget for any particular fiscal year.

IMPACTS TO OTHER CONTRACTS

Timely and thorough environmental services in connection with other construction contracts are essential to achieve completion of projects within schedule and budget. If the Contract No. EN074 value is not increased, staff's ability to support anticipated Metro projects would be limited. The project managers would have to competitively procure environmental services for their individual projects. Any delay in provision of environmental support will significantly increase Metro's liability for environmental regulatory compliance and contractor monetary claims of delay.

FINANCIAL IMPACT

The funds for these expenses are included in the FY08 Budget and Life-of-Project Budget for each individual project.

ALTERNATIVES CONSIDERED

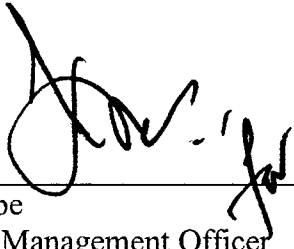
The Metro Board of Directors could decide not to increase the funding for this Contract, and either (1) solicit and award new contract for the environmental services; or (2) solicit and award individual contracts for each environmental task as the need arises. Staff does not recommend either of the above alternatives, owing to high costs, delays, and inefficiencies in administering multiple contracts.

As a third alternative, Metro could perform all the environmental hazardous materials and construction services in-house. However to do so, Metro would need to hire additional staff with expertise in many different disciplines such as drilling, laboratory science, and operating heavy earth-moving and material handling equipment, as well as purchase earthmoving and material handling equipment, and laboratory equipment. Staff does not recommend this alternative either owing to high capital costs to procure personnel and equipment as well as potential for implementation delays.

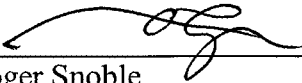
ATTACHMENT

A. Summary of Current and Proposed Work Requiring CCI Services

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ATTACHMENT A. SUMMARY OF CURRENT AND PROPOSED WORK
REQUIRING CCI SERVICES

CURRENT WORK (COMPLETED OR IN PROGRESS)

Tank Upgrades/Removals (202026)	\$	1,607,927
Site Remediation (300012)	\$	356,368
MOL (800112)	\$	379,757
MGLEE (800088)	\$	503,107
MGLEE (800288)	\$	923,395
Lankershim Depot Restoration (800118)	\$	12,000

Value of Current Work: \$ 3,782,554

PROPOSED FUTURE WORK THROUGH FY'08

Tank Upgrades/Removals (202027)	\$	1,300,000
Site Remediation (300012)	\$	750,000
Canoga Transportation Corridor (405513)	\$	100,000
MOL (800112)	\$	900,000
MGLEE (800088)	\$	600,000
EXPO LRT	\$	2,000,000
Bus and Rail Facilities Capital Projects (various projects)	\$	550,000
Lankershim Depot Restoration (800118)	\$	400,000

Value of Proposed Work: \$ 6,600,000

Value of Current Work + Proposed Work:	\$	10,382,554
Less Current Contract EN074 Value:	\$	(5,900,000)
Additional Value (Funding Requested):	\$	<u>4,482,554</u>

Additional Value (Funding Requested, Rounded to the Nearest \$100,000):	\$	<u>4,500,000</u>
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