



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

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REVISED
CONSTRUCTION COMMITTEE
APRIL 16, 2009

PROJECT: I-405 SEPULVEDA PASS WIDENING PROJECT

ACTION: ESTABLISH THE LIFE OF PROJECT BUDGET AND AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO AWARD A FIRM FIXED PRICE CONTRACT

RECOMMENDATION:

- A. Establish a Life-of-Project (LOP) budget for the I-405 Sepulveda Pass Project No. 405523 in the amount of \$1,034,000,000.
1. Program an additional \$84 million to the prior project budget of \$950 million using \$10.1 million of Regional Surface Transportation Program funds and \$73.9 million of Proposition 1B Corridor Mobility Improvement Program funds that would otherwise have been freed up per AB X3 20 had there not been a cost increase.
- B. Authorize the Chief Executive Officer to proceed with the following actions:
1. Award a firm fixed price contract, Contract No. CO882, to Kiewit Pacific Company, for \$712,248,000 for the design and construction of the I-405 Sepulveda Pass Widening Project. Price includes base contract value and provisional sums and is exclusive of any options.
 2. Exercise Options 1, 2 and 3 for Standardization of Lanes Mulholland Drive to Sepulveda Boulevard \$4,447,000, Standardization of Lanes Ohio Avenue to Olympic Boulevard \$9,285,000, and relocated Skirball Interchange \$13,034,000, respectively.
 3. Execute Contract Modifications and establish Contract Modification Authority in the amount of \$36,950,700, which is equal to 5% of the total contract award value (including options), subject to reporting and approval authority based upon individual contract modification dollar limitations set forth in Attachment B.

RATIONALE

The I-405 Northbound High Occupancy Vehicle (HOV) Lane between I-10 and U.S. 101 is a joint effort by Metro and Caltrans. Metro is the lead agency for the project implementation and the design build contract is to be awarded by Metro. While Metro has the lead management role, Caltrans will be working closely with Metro, providing design approvals and construction oversight for the project.

Procurement Process

The procurement of Contract No. CO882 is for a design build project, in accordance with Public Utilities Code 130242 and Public Contract Code 20209 thru 20209.44, following a two step process for a firm fixed price contract.

A Request for Qualifications (RFQ) was issued July 7, 2008 with responses to the RFQ due on August 20, 2008. Two potential bidders a) the Sepulveda Pass Constructors, a 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 Statement of Qualifications in compliance with the RFQ. Sepulveda Pass Constructors and Kiewit Pacific Company were both determined to be acceptable and invited to submit bids.

The Invitation for Bid (IFB) for Contract No. CO882 was issued on October 10, 2008 with bids due on February 6, 2009. Subsequently the bid due date was extended to February 20, 2009 in Amendment No. 5 to the IFB. A public bid opening was held on February 20, 2009 at which time only one bid was received from Kiewit Pacific Company.

Project Cost Increase

In May 2007, Caltrans had estimated the cost of the project to be \$950 million. This amount was then made part of the State Proposition 1B Corridor Mobility Improvement Account (CMIA), Cost and Funding Plan that was approved by Metro, Caltrans and the California Transportation Commission as a condition of receiving the CMIA funds. However, the environmental process for the project had not been complete and the final project scope had not been established.

In April 2008, the environmental process for the project was complete and a Record of Decision was approved. Subsequently, we issued an Invitation for Bid and have received a responsive bid for the project. Based on the bid received and necessary adjustment to other elements within the project cost estimate, it is now recommended that the LOP budget be established at \$1,034,000,000 as shown on Attachment C. This cost increase represents escalation and additional mitigation required in the environmental document.

FINANCIAL IMPACT

The funding of \$298.5 million has been included in the proposed FY10 budget in Project No. 405523, I-405 Sepulveda Pass Widening Project, Cost Center 8510. The funding for this project will be a combination of federal, state and local funds as shown in Attachment C. Although all of the fund sources have been approved by the Board, all funding is not presently available and will require Federal and State approvals and/or appropriations. Since this is a multi-year project, the Deputy Chief Capital Management Officer will be accountable for budgeting costs in future years, consistent with the Board adopted LOP budget.

ALTERNATIVES CONSIDERED

The Board may choose not to award the contract and rebid once all of the programmed funds become available. This is not recommended because (1) the current bid is considered favorable; (2) we have an opportunity to utilize Federal ARRA funds; (3) **State CMIA funds are at risk if contract is not awarded**; and (4) this design-build contract will provide significant jobs within Los Angeles County. Delaying the project will also most likely increase the project cost and delay the mobility benefits associated adding a carpool lane on the I-405.

~~Phasing of the project will require negotiations with Kiewit Pacific on reworking their planned activities into our budget constraints. It is anticipated that this will cost an additional \$15—30 million in lost efficiency by the contractor but will allow some flexibility on which areas we phase and this may benefit the area around the project as well as the traveling public. If we were to initiate phasing of the project, it may also become necessary to amend the environmental document.~~

NEXT STEPS

In awarding the contract, it is assumed that funds will become available to construct the entire project and if this happens within the next 15 months, the project schedule and cost would not be affected. Currently there is \$172 million of Federal SAFETEA-LU, State Traffic Congestion Relief Program (TCRP) and Metro Proposition C 25% funds available for the project.

With the enactment of AB X3 20, \$100 million of Federal Economic Recovery funds from the American Economic Recovery and Reinvestment Act of 2009 (ARRA) has been approved by the Metro Board from its share of such funds. Also with the enactment of AB X3 20, Caltrans Executive Director Will Kempton will ask the California Transportation Commission (CTC) to allocate \$89.9 million of funds from the Caltrans share of ARRA funding. Together, both commitments would amount to \$189.9 million. The CTC is expected to consider the allocation of the Caltrans share of the funds on April 15, 2009.

Metro has identified \$10.1 million of Regional Surface Transportation Program (RSTP) funds needed to bring the project to the full complement of \$200 million in bridge funding required to meet expense needs while the State Treasurer identifies bond proceeds for the remainder of the Proposition 1B program. If the ARRA and RSTP funds are approved, a total of \$372 million will be available for the project, of which approximately \$30 million has been expended to date. These funds are estimated to be adequate to meet the project's needs for a 15 month period. This period may be extended if we are successful in negotiating a redistribution of costs until later in the project.

If State CMIA and TCRP funds do not become available when the planned ARRA funds run out, we will be forced to either suspend or terminate the contract for convenience.

Termination for convenience will cost \$30 million based on a 15 month funding time period and estimated expenditures by the contractor. The contract only allows limited costs to be claimed by the contractor at termination; work completed to date, fee for those expenditures, subcontractor costs to date, materials purchased for the project, cost to secure project site, demobilization and other costs that the contractor can justify. Termination of this contract will cause a delay of the project and additional funds will be required to demobilize and mobilization of another contractor in the future. **Suspension of the contract will have some of the same cost impacts as termination but it will allow us to keep Kiewit Pacific under contract along with favorable bid price. While the cost for suspension are comparable to termination, the potential for delaying the project for a significant amount of time is a concern, as it may require additional costs to store materials, equipment, and the potential loss of key staff to other projects.**

Bid analyses by Caltrans and Metro have indicated that the price for construction is approximately 25% lower than expected. With additional projects of this size being anticipated by Caltrans in the future we expect contractors to be more selective and conservative in bidding. **Therefore, we believe awarding the contract now is a reasonable risk, and will give the project higher priority for State CMIA funds when they become available.**

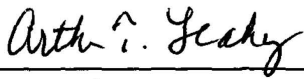
ATTACHMENTS

Attachment A	Procurement Summary
Attachment B	Contract Modification Reporting and Approval Authority Matrix
Attachment C	Funding/Expenditure Plan

Prepared by: Michael A. Barbour, Executive Officer, Highway Project Management



Krishniah N. Murthy
Deputy Chief Capital Management Officer



Arthur T. Leahy
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

C0882 I-405 SEPULVEDA PASS WIDENING PROJECT

1.	Contract Number: C0882		
2.	Recommended Vendor: Kiewit Pacific Co.		
3.	Cost/Price Analysis Information:		
	A. Bid Price: \$739,014,000.00	B. Recommended Price: \$739,014,000.00	
	C. Details: Are in Attachment A-1		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: Invitation for Bid (IFB) October 10, 2009		
	B. Advertised: September 4, 2008		
	C. Pre-bid Conference: September 22, 2008		
	D. Bids Due: February 20, 2009		
	E. Pre-Qualification Completed: September 11,, 2008		
	F. Conflict of Interest Form Submitted to Ethics: February 24, 2009		
6.	Small Business Participation:		
	A. Proposal Goal: 14% Design Voluntary DALP 25% Construction Voluntary DALP	B. Date Small Business Evaluation Completed: TBD	
	C. Small Business Commitment: Details are in Attachment A-2		
7.	Request for Proposal Data:		
	Notifications Sent: 2	IFBs Picked up: 2	Bids Received: 1
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Kiewit Pacific Co.	Bid Amount: \$739,014,000	Negotiated Amount: N/A
	B. Evaluation Methodology: Lowest Responsive & Responsible Bid		
9.	Protest Information:		
	A. Protest Period End Date: March 30, 2009		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: John K. Doidge	Telephone Number: 922-1034	
11.	Project Manager: K. N. Murthy / Mike Barbour	Telephone Number: 922-3084 / 922-2261	

BOARD REPORT ATTACHMENT A-1

PROCUREMENT HISTORY

C0882, SEPULVEDA PASS WIDENING PROJECT

A. Background on the recommended Contractor

Kiewit Pacific Company has been in business since 1884. Kiewit was named by FORTUNE magazine as the most admired engineering, construction company in 2007 and is consistently ranked as on the top ten contractors by Engineering-News Record. They have completed projects from the Arctic Circle to the Gulf of Mexico for highways, tunnels, dams and airports.

- The Kiewit Pacific Team has experience in transportation management, as well as firsthand knowledge of the unique southern California environment.
- Over the last three years Kiewit Pacific as the prime contractor has completed the following highway work:
 - A) I-25 T-REX Project in Denver Colorado. This effort consisted of the reconstruction of 17 miles of two interstate highways while simultaneously adding 19 miles of new double-track light rail line (LRT), including 13 stations. In addition, the multi modal project included construction or reconstruction of 61 roadway bridges, 14 LRT bridges. 3 LRT tunnels, 400 utility relocations, drainage improvements, and enhanced pedestrian and bicycle access. Contract Value \$1.28 Billion.
 - B) Tacoma Narrows Bridge/SR16 Design Build Tacoma to Gig Harbor in Washington. The project involved the construction of massive caissons requiring more than 34,000 cubic yards of concrete for each base. The toll facilities and adjacent highway improvements included approximately 500,000 cubic yards of roadway excavation and 300,000 cubic yards of embankment. Contract Value \$627 million.
 - C) I-15 Corridor Reconstruction in Salt Lake City, Utah. The project consisted of the reconstruction of three major freeway-to-freeway interchanges and widened the previous six lane highway to 12 lanes. Contract Value \$1.382 Billion.
- Kiewit Pacific Southern California District Offices are located In Santa Fe Springs, California.

B. Procurement Background

The Procurement process was a two step process required under Public Contract Code Section 20209.20 – 20209.44:

- The first step was the issuance of a Request For Qualifications (RFQ) to ensure qualified bidders work on the I-405 Project. Kiewit Pacific Co. and Sepulveda Pass

Constructors, a Joint Venture consisting of Washington Division of URS Corporation, Skanska USA Civil West California District, Inc. and Steve Rados, Inc. were determined to be qualified September 11, 2008.

- The second step was the issuance of the Invitation For Bid (IFB) to both pre-qualified firms, which was issued October 10, 2008. The Kiewit Pacific Co. bid was received February 20, 2009.

C. Evaluation of Proposals

The evaluation was in compliance with Metro Procurement policies and procedures for lowest price responsive & responsible design build procurements.

D. Cost/Price Analysis

Caltrans is performing the price analysis on the bid submitted by Kiewit Pacific Co. The results of their analysis should be received Monday, March 1, 2009.

BOARD REPORT ATTACHMENT A-2

LIST OF SUBCONTRACTORS

C0882 I-405 SEPULVEDA PASS WIDENING PROJECT

PRIME CONTRACTOR – Kiewit Pacific Co.

<u>Disadvantaged Business Enterprise (DBE) Commitment</u>	<u>Other Subcontractors</u>	
Bullock & Associates	TBD	HNTB Corp.
Earth Mechanics, Inc.	TBD	Applied Research Assoc. Inc.
FPL and Associates, Inc.	TBD	Klienfelder West, Inc.
Valle & Associates Civil	TBD	Psomas
		Western Paving Contractors, Inc.
		Rock Bottom Inc./Landco
		Environmental
		Traffic Solutions, Inc.
		Drill Tech Drilling & Shoring, Inc.
		L. Johnson Construction, Inc.
		CMC Regional Steel
		Brutoco Engineering & Construction, Inc.
		Flashco Inc.
		Mass. Electric Construction Co.
Total Voluntary Goals	Design	14%
	Construction	25%

**ATTACHMENT B
CONTRACT MODIFICATION
REPORTING & APPROVAL AUTHORITY MATRIX**

Contract Modification \$ Amount		Comment
Up to \$1,000,000.00		Chief Executive Officer approves and executes contract modification under his authority
Greater than \$1,000,000.00 (normal)	MTA Construction Committee and MTA Board of Directors	Chief Executive Officer executes after Construction Committee and final approval by the MTA Board of Directors
Greater than \$1,000,000.00 (time critical)	MTA Board of Directors	For time critical contract modifications, staff may place an item on the agenda for the MTA Board of Directors without prior recommendation from the Construction Committee. Chief Executive Officer executes after MTA Board of Directors approval.
For all contract modifications regardless of value. The total cumulative changes amount will not be greater than the Board approved not to exceed amount for the contract modifications	Merit review by County Counsel and Office of Procurement subject to Public Utility Code Section 130243	Staff will issue a monthly update of all executed and pending contract modifications and remaining contract modifications authority value to the Construction Committee and Construction Office for information

**I-405 Sepulveda Pass Project
Funding / Expenditure Plan
(Dollars in Millions)**

Capital Project 405523	Thru FY 08	FY09	FY10	FY11	FY12	FY13	FY14	TOTAL	% of Total
Uses of Funds									
Professional Services	\$26.8	\$15.0	\$20.0	\$20.0	\$14.0	\$14.0	\$8.2	\$ 118.0	11.4%
Right-of-Way Acq.		\$5.0	\$16.8	\$9.4				\$ 31.2	3.0%
3rd Party/Utilities		\$1.5	\$11.7	\$17.5	\$17.5	\$17.5	\$16.0	\$ 81.7	7.9%
Final Design/Construction			\$245.0	\$218.0	\$148.0	\$113.0	\$15.0	\$ 739.0	71.5%
Contingency			\$5.0	\$15.0	\$15.0	\$15.0	\$14.1	\$ 64.1	6.2%
Total Project Cost:	\$ 26.8	\$ 21.5	\$ 298.5	\$ 279.9	\$ 194.5	\$ 159.5	\$ 53.3	\$ 1,034.0	100%

Sources of Funds									
State TCRP	\$25.3	\$2.7	\$14.0		\$48.0			\$ 90.0	8.7%
State CMIA				\$254.7	\$146.5	\$159.5	\$53.3	\$ 614.0	59.4%
Federal SAFETEA-LU		\$12.3	\$79.5	\$25.2				\$ 117.0	11.3%
Federal ARRA			\$189.9					\$ 189.9	18.4%
RSTP			\$10.1					\$ 10.1	1.0%
Prop. C 25%	\$1.5	\$6.5	\$5.0					\$ 13.0	1.3%
Total Project Funding:	\$ 26.8	\$ 21.5	\$ 298.5	\$ 279.9	\$ 194.5	\$ 159.5	\$ 53.3	\$ 1,034.0	100%