

**STAFF REPORT FOR CALENDAR ITEM NO.: 15
FOR THE MEETING OF: November 12, 2015**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Amending Contract No. 08-04-CMGC-000, authorizing Webcor/Obayashi Joint Venture (the CM/GC) to modify the Trade Work Subcontract with Southwest Specialty Contractors (Southwest), for TG08.6R1: Metal Ceilings Design-Build Services (TG08.6R1) in an amount of \$24,205,752, thereby increasing authorized Direct Costs by \$24,205,752 and increasing the authorized Construction Services Fixed Fee by \$847,201, under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B. The award amount is for the construction services portion of the design-build contract for the Metal Ceiling systems of the Transbay Transit Center. The design has been completed, and a fair and reasonable total cost for construction services has been developed, negotiated and agreed upon.

EXPLANATION:

TG08.6 was originally issued for bid on October 9, 2014, as a traditional sealed bid procurement, and five bidders were prequalified. As a result of input from bidders during the procurement processes, the CM/GC determined, in conjunction with the TJPA and the Construction Management Oversight (CMO) consultant, that a collaborative design-build procurement methodology would provide the best opportunity to procure the Metal Ceiling systems with the greatest competition and at the best price. The TG08.6 solicitation was therefore cancelled, and the trade package was restructured as a design-build/assist procurement.

Under the collaborative design-build/assist procurement methodology (sometimes referred to in the construction industry as a design-assist procurement), bidders are required to submit a technical qualifications proposal and a price proposal for evaluation by the TJPA's selection committee (consisting of representatives from the TJPA, CM/GC, design team, CMO consultant, and Program Management/Program Controls (PMPC) consultant). The price proposal consists of the sum of (1) a fixed lump sum amount for design services; (2) a Construction Fee percentage multiplied by estimated construction costs; and (3) a Construction Overhead percentage multiplied by estimated construction costs. The solicitation identifies those costs included in the Construction Fee percentage and in the Construction Overhead percentage. The TJPA received concurrence from the Federal Transit Administration (FTA) that this collaborative design-build approach is an acceptable procurement methodology under applicable FTA procurement principles.

Consistent with the above methodology, on December 16, 2014, the CM/GC issued TG08.6R Metal Ceilings Design-Build Services as a Request for Proposal (RFP), seeking proposals from qualified firms to provide design services as the design-builder of the Metal Ceiling systems.

On February 17, 2015, three firms submitted proposals; however, two proposals were nonresponsive: one firm's package was incomplete, and one firm's proposal was received after the submittal deadline and was not accepted. As a result, the CM/GC, in consultation with the TJPA, decided to reissue the RFP as TG08.6R1. It was re-issued on February 24, 2015, with a

one-week turnaround time. On March 3, 2015, three firms submitted proposals in response to the RFP. The selection committee evaluated the proposals and scored them as follows:

Proposer	Qualifications Proposal (350 max)	Price Proposal (500 max)	Total (850 max)
A.C. Dellovade, Inc.	283.2	43	326.2
Crown Corr, Inc.	331.8	419	750.8
Southwest Specialty Contractors	266	500	766

The price proposals, based on the proposed percentages from each proposer, are shown below:

Cost Element	A.C. Dellovade, Inc.	Crown Corr, Inc.	Southwest Specialty Contractors
Design Services of TG08.6R1	\$2,205,903	\$1,150,000	\$928,900
Construction Fee (% x estimated construction costs of \$15.8 million)	\$3,156,840 (19.98%)	\$2,528,000 (16%)	\$2,528,000 (16%)
Construction Overhead (% x estimated construction costs of \$15.8 million)	\$3,817,280 (24.16%)	\$1,896,000 (12%)	\$1,343,000 (8.5%)
Total Proposal Price	\$9,180,023	\$5,574,000	\$4,799,900

On March 12, 2015, the TJPA Board awarded the design services portion of the design-build contract for the Metal Ceiling systems to Southwest, the bidder offering the best value to the TJPA, in the amount of \$928,900. The price proposal on which the award to Southwest was based included a Construction Fee percentage of 16% and a Construction Overhead percentage of 8.5%. For the purposes of determining the total proposed price, proposers were provided with an estimated construction value of \$15.8 million and were instructed to multiply their proposed Construction Fee percentage and Construction Overhead percentage by this amount.

Upon award of the design services, Southwest worked collaboratively with the entire TJPA team, including the TJPA's design professionals, the CM/GC, and other trade subcontractors, to provide approaches and alternatives for the design of the Metal Ceiling systems, consistent with the original design intent and certain performance specifications, at the best price.

Throughout the design process, Southwest provided cost and schedule information to the TJPA. Anticipated construction costs were reviewed and evaluated by the TJPA team on an "open book" basis, requiring Southwest to submit cost estimates and proposals from its vendors and material suppliers to the TJPA for review. On June 30, 2015, negotiations on a Total Construction Cost were successfully completed with Southwest in conformance with the detailed design schedule set forth in the solicitation. The Total Construction Cost includes all direct construction costs for the fabrication and installation of the Metal Ceiling systems plus the Construction Fee and Construction Overhead costs based on the percentages submitted in Southwest's proposal.

The total cost of the construction phase services consists of the following items:

Cost Elements	Cost
Direct construction costs	\$19,358,643
Gross Receipts Tax	\$63,605
Construction Fee (16% x direct construction costs)	\$3,097,383
Construction Overhead (8.5% x direct construction costs)	\$1,645,485
Shaw Alley special ceiling panels to accommodate artwork (includes fee and overhead %)	\$40,636
Construction Cost presented for award today	\$24,205,752
Change Order #1 (CCO No. 0147)	\$1,824,095
Change Order #2 (CCO No. 0176)	\$2,268,090
Total Construction Cost	\$28,297,937

The scope of work under this trade package includes designing and constructing the Metal Ceiling systems at various interior and exterior locations throughout the Transit Center (Bus Deck, Grand Hall, Bus Plaza, and exterior perimeter of the building) to meet the specified performance requirements and design criteria and intent for the negotiated Total Construction Cost of \$28,297,937. This scope of work includes all labor, materials, equipment, tools, transportation, disposal fees, incidentals and any other costs/fees necessary to complete the fabrication and installation of the Metal Ceiling systems in accordance with the Contract Documents. All necessary work from mobilization to handover to the next Trade Subcontractor will be included in this scope of work.

The above scope of work does not include ceiling systems at the Lower Concourse and Train Platform levels. Construction of those ceiling systems is planned for Phase 2.

In order to maintain the current construction schedule and avoid additional costs, the TJPA issued two change orders under TG08.6R1 in August and October 2015 in the amounts of \$1,824,095 and \$2,268,090 for the fabrication and installation of metal ceiling support components, to support 3D coordination with the mechanical, electrical and plumbing trades, and for material procurement deposits. The change order amounts of \$1,824,095 and \$2,268,090 are not included in the recommended award amount \$24,205,752 as they have already been incorporated into the trade subcontract.

The TG08.6R1 trade package has a Small Business Enterprise (SBE) utilization goal of 10%, which applies to the construction services portion of the package. Southwest currently has a commitment of 5%, but will look for additional opportunities to meet the 10% SBE goal during the construction phase.

TJPA's budget for construction services for TG08.6R1 was \$18,860,074. An increase to the budget for this package is included in the Interim Program budget update being recommended to the Board. The CM/GC's estimate for construction services for TG08.6R1 was \$27,776,588.

The initial notices to proceed for this Trade Work Subcontract are anticipated to be funded by land sales proceeds and a Proposition K grant.

RECOMMENDATION:

TJPA staff recommends that the TJPA Board authorize amending Contract No. 08-04-CMGC-000, authorizing the CM/GC to modify the Trade Work Subcontract with Southwest Specialty Contractors, in the amount of \$24,205,752 for the construction services for TG08.6R1: Metal Ceilings Design-Build Services, thereby increasing the authorized Direct Costs by \$24,205,752 and increasing the authorized Construction Services Fixed Fee by \$847,201, under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B.

ENCLOSURES:

1. Resolution
2. Contract Modification

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, On March 12, 2009, the Transbay Joint Powers Authority (TJPA) awarded a contract to Webcor/Obayashi Joint Venture as Construction Manager/General Contractor (the CM/GC) for the Transbay Transit Center Building and Related Structures (Contract No. 08-04-CMGC-000 or the Contract). Under the Contract, the CM/GC must competitively procure Trade Subcontractors. The Contract provides for the incorporation of Trade Packages by amendment to (a) authorize award of a Trade Work Subcontract; (b) authorize the associated increase in allowable Direct Costs under the Contract; and (c) authorize the CM/GC to charge a Construction Services Fixed Fee invoiced at a rate of 3.5% of Direct Costs (Contract, Section 00 05 20, ¶5.01); and

WHEREAS, On February 24, 2015, the CM/GC issued a Request for Proposals for TG08.6R1: Metal Ceilings Design-Build Services (TG08.6R1) for the Transbay Transit Center Program to design and potentially construct the complete Metal Ceiling systems in accordance with the Contract Documents; and

WHEREAS, On March 12, 2015, the TJPA Board of Directors authorized the CM/GC to issue a Trade Work Subcontract to Southwest Specialty Contractors for the design work under TG08.6R1; and

WHEREAS, On June 30, 2015, negotiations for the construction services under TG08.6R1 were successfully completed with Southwest Specialty Contractors; and

WHEREAS, Funds for the initial notices to proceed for this Trade Work Subcontract are available from land sales and a Proposition K grant; now, therefore, be it

RESOLVED, That the TJPA Board of Directors authorizes the CM/GC to modify the Trade Work Subcontract with Southwest Specialty Contractors, for construction services for the Metal Ceiling systems as set forth in TG08.6R1 in an amount of \$24,205,752; and be it

FURTHER RESOLVED, That upon modification of the Trade Work Subcontract to Southwest Specialty Contractors, the Trade Work Subcontract shall be deemed part of the Contract Documents under Contract No. 08-04-CMGC-000; and be it

FURTHER RESOLVED, That Contract No. 08-04-CMGC-000 is hereby modified to incorporate the authorized amount of the Trade Work Subcontract awarded to Southwest Specialty Contractors, for TG08.6R1 by increasing the authorized Direct Costs by \$24,205,752, and increasing the authorized Construction Services Fixed Fee by \$847,201 (Direct Costs of \$24,205,752 multiplied by the Construction Services Fee of 3.5%) under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of November 12, 2015.

Secretary, Transbay Joint Powers Authority

AGREEMENT
AMENDMENT NO. 61
BETWEEN
TRANSBAY JOINT POWERS AUTHORITY
AND
WEBCOR/OBAYASHI JOINT VENTURE

THIS AMENDMENT for AGREEMENT is entered into as of the 12th day of November, 2015, by and between the TRANSBAY JOINT POWERS AUTHORITY (TJPA) and Webcor/Obayashi Joint Venture (the CM/GC). By this Amendment No. 61 the TJPA and the CM/GC hereby modify the Agreement dated March 17, 2009 (the Agreement), only to the extent expressly provided in this Amendment No. 61. All other terms and conditions of the Agreement shall remain in full force and effect.

Recitals

A. On March 12, 2009, the TJPA Board awarded the Agreement to the CM/GC to perform pre-construction and construction services for the Transbay Transit Center Building and Related Structures Project (the Project).

B. As detailed in the Agreement, the CM/GC is required to procure construction services through the award of Trade Packages, at which time TJPA shall adjust the value of the Contract Sum to reflect the amount of the awarded Trade Work Subcontract plus the proportionate CM/GC's Construction Services Fixed Fee in accordance with Article 5.01 of the Agreement.

C. On March 12, 2015, the TJPA Board approved the award of Trade Work Subcontract TG08.6R1 to Southwest Specialty Contractors for performance of Metal Ceiling Systems design services.

D. On June 30, 2015, successful negotiations were completed with Southwest Specialty Contractors for the construction services portion of Trade Work Subcontract TG08.6R1.

E. Based on the TJPA's staff recommendation, the CM/GC shall modify the Trade Work subcontract with Southwest Specialty Contractors for Metal Ceiling systems construction services, as set forth under TG08.6R1, for an amount of \$24,205,752.

Terms and Conditions

1. By this Amendment, the TJPA authorizes an increase in the CM/GC's scope of work and the value of the Contract Sum by \$25,052,953 (Trade Package Direct Costs of \$24,205,752 and CM/GC Fixed Fee, calculated at 3.5 percent of Direct Costs, of \$847,201), and the modification of Trade Work subcontract No. TG08.6R1 with Southwest Specialty Contractors for performance of Metal Ceiling systems construction services.

2. The detailed scope of work and schedule incorporated by this Amendment is provided in the Contract Bid Documents dated December 16, 2014, and all associated Addenda.

IN WITNESS WHEREOF, the parties hereto have executed this contract Amendment No. 61 on the day first mentioned above.

TRANSBAY JOINT POWERS AUTHORITY

Maria Ayerdi-Kaplan
Executive Director

Transbay Joint Powers Authority
Board of Directors
Resolution No. _____
Adopted: _____
Attest:

Secretary, TJPA Board

Approved as to Form:

By: _____
TJPA Legal Counsel

WEBCOR/OBAYASHI, JOINT VENTURE

Authorized Signature

Printed Name

Title