

STAFF REPORT FOR CALENDAR ITEM NO.: 10
FOR THE MEETING OF: April 9, 2015

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Amending Contract No. 08-04-CMGC-000, authorizing Webcor/Obayashi Joint Venture (the CM/GC) to award a Trade Work Subcontract to Olson and Company Steel, the sole responsive bidder, for the negotiated amount of \$10,323,242 for TG07.3: Miscellaneous Metals (TG07.3), thereby increasing authorized Direct Costs by \$10,323,242, and increasing the authorized Construction Services Fixed Fee by \$784,566, under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B.

EXPLANATION:

On February 20, 2014, the CM/GC issued a Request for Qualifications (RFQ) for TG07.3. On March 18, 2014, six firms responded to the RFQ. On March 28, 2014, a selection committee consisting of representatives from the TJPA, CM/GC, Construction Management Oversight (CMO) consultant, and Program Management/Program Controls (PMPC) consultant reviewed and scored each firm's qualifications for technical merit. Based on its evaluation, the selection committee determined the following bidders to be qualified and free of conflicts of interest:

- C.E. Toland and Son
- Kwan Wo Ironworks, Inc.
- Olson and Company Steel
- Shimmick Construction Company, Inc.
- Southwest Steel of California, Inc.

On August 20, 2014, TG07.3 was issued for bid. A pre-bid conference was held on September 10, 2014. Seven addenda to TG07.3 were issued during the bid period to provide clarifications, respond to bidders' questions, and provide updated specifications, drawings, and sketches. Addenda #4 through #7 were specific to TG07.3. The seven addenda are described as follows:

- Addendum #1 incorporated two Architect's Supplemental Instructions (ASIs) into the issued-for-construction (IFC) set: ASI 124 (incorporation of secondary mitigation/value engineering items) and ASI 125 (moving of the Emergency Communication System/Mass Notification System from one bid package to another).
- Addendum #2 incorporated ASI 126 (glazing package TG08.10 plans and specifications) into the IFC set.
- Addendum #3 incorporated one ASI and three field orders (FO) into the IFC set as follows: ASI 127 (bidding clarifications and responses to bidders' questions), FO 29 (SFPUC IFB drawings), FO 29R1 (revised SFPUC IFB drawings), and FO 33 (SFMTA OCS plans and specifications).
- Addendum #4 extended the bid date to November 19, 2014, at the bidders' request.
- Addendum #5 extended the bid date to December 17, 2014, at the bidders' request.
- Addendum #6 extended the bid date to January 22, 2015, at the bidders' request.

- Addendum #7 was an administrative addendum to officially incorporate into the Contract Documents all responses to TG07.3 bidders' questions during the bid period.

The scope of work under this package includes designing, fabricating, and installing handrails and guardrails that are not part of the metal stairs and ladders package, as well as metal covers, fences, bike racks, metal plates/covers on walls and columns, site metal fabrications, stair enclosure profiles, façade access track, and miscellaneous secondary steel support members. The scope of work includes all labor, materials, equipment, tools, transportation, disposal fees, incidentals and any other costs/fees necessary to complete work in accordance with the Contract Documents. All necessary work from mobilization to hand over to the next trade subcontractor is included in the scope of work.

Bidders had the option of submitting value engineering (VE) proposals prior to the bid date. No VE proposals were submitted.

On January 22, 2015, one bid was received, opened, and evaluated. Olson and Company Steel (Olson) submitted the sole bid, with a Base Bid Amount of \$11,528,242. Olson's bid also included 10.1% Small Business Enterprise (SBE) participation, meeting the 10% SBE goal on the package. Olson's bid included two SBE firms.

TJPA's budget for TG07.3 is \$7,894,395 (which includes \$78,523 in design contingency and \$631,808 in escalation), and the CM/GC's estimate is \$5,700,000. The CM/GC's estimate takes into account approximately \$2,200,000 in various VE and cost mitigation measures developed as part of the VE cost reduction effort presented to the Board in May 2014. The VE mitigation measures were incorporated into ASI 124 and issued as part of Addendum #1 referenced above.

Because the bid exceeded the estimate, TJPA staff recommended entering into negotiations with Olson, as allowed under the San Francisco Administrative Code and Federal Transit Administration regulations. On February 12, 2015, the TJPA Board authorized staff to negotiate a fair and reasonable price with the sole bidder, Olson. On February 13, 2015, representatives from the TJPA, CM/GC, CMO, and PMPC entered into negotiations with Olson. Negotiations were completed on March 31, 2015, and resulted in Olson reducing its price by \$1,205,000 to \$10,323,242. The price reduction is detailed below:

| | |
|--|--------------------|
| Delete Rooftop Park plant rail* | \$640,000 |
| Delete Rooftop Park skylight rail* | \$100,000 |
| Provide standard security screens in lieu of custom screens in computer server rooms | \$230,000 |
| Provide aluminum checkered plate column covers in back-of-house spaces in lieu of custom formed aluminum column covers | \$115,000 |
| Delete 1" steel plate waterproofing support (gage sheet metal support plate will be provided by waterproofing trade subcontractor in TG13.2) | \$120,000 |
| Total Negotiated Cost Reductions | \$1,205,000 |

*Item to be included in TG13.1 Rooftop Park Landscaping and Irrigation Trade Package as an Alternate. Olson will hold its price for these items for six months allowing the TJPA to award the work for these items to the Trade Subcontractor offering the lower price under either TG13.1 or TG07.3.

In consideration of the proposed cost reductions, the TJPA agreed to reduce contract retention to 5% for both TG07.3 Miscellaneous Metals and TG07.5 Metal Stairs and Ladders, which was awarded to Olson in July 2014.

This Trade Work Subcontract is anticipated to be funded by bridge loan and land sales proceeds. It is recommended to fund the \$2,428,847 balance between the award amount of \$10,323,242 and the budget of \$7,894,395 from the Program Reserve. The current available Program Reserve is \$9,531,839. After the award of TG07.3, the remaining balance in the Program Reserve will be \$7,102,992. The negotiated price with Olson is fair and reasonable. Several factors contributed to the cost difference between the budget, CM/GC estimate, and negotiated price with Olson: some additional scope introduced or shifted from other packages as the design was refined between the time the 100% Construction Documents were completed and the IFC documents issued, scope not accounted for in the CM/GC estimate, and the active construction market in San Francisco and parts of the Bay Area, which is limiting the pool of bidders and significantly increasing construction costs.

RECOMMENDATION:

TJPA staff recommends that the TJPA Board authorize amending Contract No. 08-04-CMGC-000, authorizing Webcor/Obayashi Joint Venture (CM/GC) to award a Trade Work Subcontract to Olson and Company Steel for the negotiated amount of \$10,323,242 for TG07.3: Miscellaneous Metals. Authorized Direct Costs are thereby increased by \$10,323,242, and the authorized Construction Services Fixed Fee increased by \$784,566, under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B.

ENCLOSURES:

1. Resolution
2. 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; and

WHEREAS, On August 20, 2014, the CM/GC issued an Invitation for Bids for TG07.3: Miscellaneous Metals (TG07.3) for the Transbay Transit Center to design, fabricate, and install miscellaneous metal elements of the Transit Center in accordance with the Contract Documents; and

WHEREAS, Under TG07.3, the Trade Subcontractor will perform all miscellaneous metals construction-related activities for the Transbay Transit Center; and

WHEREAS, On January 22, 2015, one bid was received and opened publicly, which was substantially over the engineer's estimate; and

WHEREAS, On February 12, 2015, the TJPA Board authorized the Executive Director to enter into price negotiations with the CM/GC and sole bidder Olson and Company Steel for TG07.3 Miscellaneous Metals; and

WHEREAS, The TJPA, CM/GC and Olson and Company Steel negotiated a fair and reasonable price for TG07.3 in the amount of \$10,323,242; and

WHEREAS, Funds for this Trade Work Subcontract are available from bridge loan and land sales proceeds; now, therefore, be it

RESOLVED, That the TJPA Board of Directors authorizes the CM/GC to execute a Trade Work subcontract for TG07.3 with Olson and Company Steel in the amount of \$10,323,242; and be it

FURTHER RESOLVED, That upon award of the Trade Work Subcontract to Olson and Company Steel, 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 Trade Work Subcontract awarded to Olson and Company Steel for TG07.3 by increasing authorized Direct Costs by \$10,323,242, and increasing the authorized Construction Services Fixed Fee by \$784,566 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 April 9, 2015.

Secretary, Transbay Joint Powers Authority

AGREEMENT
AMENDMENT NO. 50
BETWEEN
TRANSBAY JOINT POWERS AUTHORITY
AND
WEBCOR/OBAYASHI JOINT VENTURE

THIS AMENDMENT for AGREEMENT is entered into as of the 9th day of April, 2015, by and between the TRANSBAY JOINT POWERS AUTHORITY (TJPA) and Webcor/Obayashi Joint Venture (CM/GC). By this Amendment No. 50, the TJPA and the CM/GC hereby modify the Agreement dated March 17, 2009 (Agreement), only to the extent expressly provided in this Amendment No. 50. 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 (Project).

B. As detailed in the Agreement, 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. The CM/GC issued an Invitation for Bids for TG07.3: Miscellaneous Metals package on August 20, 2014.

D. On January 22, 2015, one responsive bid was received for TG07.3, substantially over the engineer's estimate.

E. On February 12, 2015, the TJPA Board authorized the Executive Director to enter into price negotiations with the CM/GC and sole bidder Olson and Company Steel for TG07.3 Miscellaneous Metals.

F. The TJPA, CM/GC and Olson and Company Steel negotiated a fair and reasonable price for TG07.3 in the amount of \$10,323,242.

Terms and Conditions

1. By this Amendment, TJPA authorizes an increase in the CM/GC scope of work and the value of the Contract Sum by \$11,107,808 (Trade Package Direct Costs of \$10,323,242 and CM/GC Fixed Fee, calculated at 7.6 percent of Direct Costs, of \$784,566) and the award of

Trade Subcontract No. TG07.3 to Olson and Company Steel for performance of the construction of TG07.3 Miscellaneous Metals.

2. The detailed scope of work and schedule incorporated by this Amendment is provided in the Contract Documents dated March 31, 2014, and all associated Addenda.

IN WITNESS WHEREOF, the parties hereto have executed this contract Amendment No. 50 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