

**STAFF REPORT FOR CALENDAR ITEM NO.: 13
FOR THE MEETING OF: July 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 Skanska USA Building, Inc. (Skanska) as the responsible bidder submitting the lowest responsive bid in the amount of \$39,026,000 for TG16.0: Interiors/Finishes (TG16.0), thereby increasing authorized Direct Costs by \$39,026,000, and increasing the authorized Construction Services Fixed Fee by \$1,365,910, under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B.

EXPLANATION:

On January 14, 2015, the CM/GC issued a Request for Qualifications (RFQ) for TG16.0. On February 4, 2015, eight firms responded to the RFQ. On February 9, 2015, 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:

- S.J. Amoroso Construction Company, Inc.
- Skanska USA Building, Inc.
- Swinerton Builders
- West Bay Builders, Inc.

On February 12, 2015, the TG16.0 package was issued for bid. A pre-bid conference was held on March 6, 2015. Five addenda to TG16.0 were issued during the bid period to provide clarifications, respond to bidders' questions, and provide updated specifications, drawings, and sketches. The addenda are briefly described as follows:

- Addendum #1 incorporated two Architect's Supplemental Instructions (ASI) into the IFC set: ASI 130 (updated drawings and specifications) and ASI 150-006 (Bus Ramps Link Beam Design Plans), and revised Specification Divisions 00/01.
- Addendum #2 extended the bid date to May 7, 2015 from April 16, 2015 and extended the Questions on Bid Documents and Pre-bid Request for Substitution submission date to April 16, 2015 from March 26, 2015 at the bidders' request.
- Addendum #3 extended the bid date to May 21, 2015 from May 7, 2015 and extended the Questions on Bid Documents and Pre-bid Request for Substitution submission date to April 30, 2015 from April 16, 2015 at the bidders' request.
- Addendum #4 incorporated one Architect's Supplemental Instruction (ASI) into the IFC set: ASI 132 (revised site work and site drainage plans and specifications).

- Addendum #5 was an administrative addendum to officially incorporate into the Contract Documents all responses to TG16.0 bidders' questions during the bid period.

The major items of work for this Trade Package consist of the following elements:

- Concrete Masonry Units
- Metal Framing
- Drywall
- Building Insulation
- Clay Panel Cladding
- Penetration Firestopping
- Toilet Accessories
- Miscellaneous Metals for Own Work
- Bird Deterrent
- Ballistic Resistant Panels
- Acoustic Ceiling Tiles
- Acoustic Wall Treatments
- Tile
- Tile Carpeting
- Painting
- Site Paints
- High Performance Coatings
- Doors
- Frames
- Hardware
- Low Voltage Wiring for Own Scope of Work
- Interior Architectural Woodwork
- Countertops
- Prefabricated Buildings
- Photo-Luminescent Exit Accessories (PLEA)
- Final Cleaning

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. On May 7, 2015, one VE proposal was received. On May 19, 2015, the VE evaluation team, consisting of representatives from the TJPA, CM/GC, CMO, PMPC, and the design team, evaluated the VE proposal and rejected it. The following is a brief summary of the VE proposal and the reason for its rejection.

VE Proposal No. 1: Use 3/4" thick gypsum wallboard in lieu of 2 layers of 5/8" thick gypsum wallboard at 2-hour rated walls.

- Proposed Savings: \$170,689.
- Reason for Rejection: Although the proposed change will meet fire resistive partition requirements, it will not meet other partition requirements for acoustic performance, mold resistance and Very High Impact (VHI) resistance.

On May 21, 2015, three bids were received, opened, and evaluated. Below is a summary of the bid results:

	S.J. Amoroso Construction Co., Inc.	Skanska USA Building, Inc.	West Bay Builders, Inc.
Base Bid Amount	\$45,657,000	\$39,026,000	\$47,735,000

Skanska submitted the lowest responsive bid based on its Base Bid Amount of \$39,026,000. Skanska's bid included a 10% Small Business Enterprise (SBE) participation, less than the 19% SBE goal on the package. However, Skanska's bid includes seven SBE firms and the CM/GC determined that Skanska made good faith efforts to meet the goal.

TJPA's budget for TG16.0 is \$20,862,783 (which includes \$348,118 in design contingency and \$2,334,583 in escalation), and the CM/GC's estimate is \$20,907,335. The submitted low bid is \$18,163,217 above the TJPA's budget and \$18,118,665 above the CM/GC's estimate.

In light of the significant cost differential between the submitted low bid and the CM/GC's estimate, the TJPA instructed the CM/GC to provide an analysis and explanation of the cost differential. The CM/GC's written analysis and explanation attached hereto as Exhibit A, identified the following major components of the \$18,118,665 cost differential:

- Masonry Walls - costs \$4,815,934 higher than estimated.
- Metal Framing & Drywall - costs \$11,673,484 higher than estimated.
- Access Platform - added scope of \$1,243,370.

W/O concludes that the cost differentials under Masonry Walls and Metal Framing & Drywall occurred for primarily two reasons. First, the quantities for each of these items increased due to design changes between the 100% construction drawings used to prepare the CM/GC's estimate and the Issued for Bid Documents used by the bidders. These quantity increases account for approximately \$2.98M of the increased costs for Masonry Walls and Metal Framing & Drywall. Second, unit costs, due to a variety of factors, including market escalation, were higher than anticipated for both items.

With respect to the Access Platform, this item of work was not originally included in the TG16.0 trade package at the time of the CM/GC's estimate (it was originally included in other trade packages). Adding this item of work to TG16.0 resulted in increased costs that were not accounted for in the CM/GC estimate for this trade package.

W/O's analysis concludes the Base Bid Amount is fair and reasonable. W/O's analysis also concludes that rebidding TG16.0 will not result in a better price and that any delay in the award of TG16.0 will result in schedule impacts and additional costs to the project.

Based on the CM/GC's analysis and determination that the Base Bid Amount is fair and reasonable and that TG16.0 is a schedule critical trade package, it is recommended to fund the \$18,163,217 balance between the award amount and the current TG16.0 budget with funding previously reserved for remaining trade packages. The funding for the remaining trade packages shall then be replenished when the Phase 1 Program budget is revised in September 2015.

No bid protests were received during the bid protest period, which ended on May 29, 2015.

The initial Notices to Proceed for this Trade Work Subcontract are anticipated to be funded by land sales.

RECOMMENDATION:

TJPA staff recommends that the TJPA Board authorize amending Contract No. 08-04-CMGC-000, authorizing the CM/GC to execute a Trade Work Subcontract with Skanska as the responsible bidder submitting the lowest responsive bid in the amount of \$39,026,000 for TG16.0: Interiors/Finishes, thereby increasing the authorized Direct Costs by \$39,026,000, and increasing the authorized Construction Services Fixed Fee by \$1,365,910, under and in accordance with Contract No. 08-04-CMGC-000, Section 00 05 20, ¶5.01B.

ENCLOSURES:

1. Resolution
2. Exhibit A, Analysis and Explanation of Cost Differential between CM/GC Estimate and Low Bid Price for TG16.0
3. 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 12, 2015, the CM/GC issued an Invitation for Bids for TG16.0: Interiors/Finishes (TG16.0) for the Transbay Transit Center Program to construct the miscellaneous interior and exterior finishes in accordance with the Contract Documents; and

WHEREAS, Under TG16.0, the Trade Subcontractor will perform all miscellaneous interior and exterior finishes activities for the Transbay Transit Center; and

WHEREAS, On May 21, 2015, three bids were received and opened publicly; and

WHEREAS, CM/GC and TJPA have determined that Skanska USA Building, Inc. is the responsible bidder submitting the lowest responsive bid, with a Base Bid Amount of \$39,026,000; and

WHEREAS, Funds for the initial work under this Trade Work Subcontract are available from land sales; now, therefore, be it

RESOLVED, That the TJPA Board of Directors authorizes the CM/GC to execute a Trade Work Subcontract for TG16.0 with Skanska USA Building, Inc. as the responsible bidder submitting the lowest responsive bid in the contract amount of \$39,026,000; and be it

FURTHER RESOLVED, That upon award of the Trade Work Subcontract to Skanska USA Building, Inc., 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 Skanska USA Building, Inc. for TG16.0 by increasing authorized Direct Costs by \$39,026,000, and increasing the authorized Construction Services Fixed Fee by \$1,365,910 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 July 9, 2015.

Secretary, Transbay Joint Powers Authority

EXHIBIT A



July 2, 2015

Mark Zabaneh
Transbay Joint Powers Authority
201 Mission Street, Suite 2100
San Francisco, CA 94105
RE: Transbay Transit Center TG16.0 Interiors and Finishes
SUBJ:

Dear Mark,

This letter addresses the bids received for TG16.0 Interiors/Finishes Trade Package in response to your letter dated June 26, 2015. The TG07.6 Topping Slabs bids will be addressed in a separate letter.

Webcor Obayashi Joint Venture (WOJV) received three bids for TG16.0 Interiors/Finishes on May 21, 2015. The low bid from Skanska USA Building Inc. in the amount of \$39,026,000, significantly exceeded WOJV's estimate of \$20,907,335, which was based on the 100% Construction Documents dated May 31, 2013. WOJV has performed a detailed post-bid analysis to determine the reasons for the variance. The disparity between the bids submitted and WOJV's estimate are further described below.

As shown in the attached bid summary, the most significant variances between the bids and estimate are due to masonry walls and interior partitions. WOJV has focused our attention on these two trades in our efforts to understand the reason for the difference between the CM/GC estimate and the bids received. For both masonry walls and interior partitions, there were three subcontractors that submitted bids to the three GC's that bid TG16.0. WOJV spoke to several of these bidders to better understand the key factors behind the bid amounts. The key issues cited by the bidders for both trades are:

- Project logistics, limited access, work spread out over a large area
- Height of walls resulting in lower productivity
- Many different wall types, little repetition
- Schedule requiring work in multiple areas simultaneously requiring added supervision
- Limited availability of qualified workers and large crew sizes will reduce productivity
- Large project consuming much of the bidder's capacity and limiting their opportunity to pursue other more attractive projects
- Perceived increased risk of a large public works project in comparison to other projects

On average the unit price in WOJV's estimate is \$39.40/SF for masonry walls and \$25.37/SF for interior partitions. These unit prices are consistent with our experience on other downtown San Francisco projects in

early 2014. In the current market, the unit prices should be escalated to \$44.00/SF for masonry walls (adjusted for 12" thickness and added reinforcing) and \$36.00 for interior partitions (adjusted for wall details and RVA requirements). The low bid received for TG16.0 averages \$55.21/SF for masonry walls and \$49.71/SF for interior partitions. There are many different wall types for both masonry and interior partitions and these unit rates reflect an overall average. There are over 55 different wall types for interior partitions which significantly impacts productivity. Based on our conversations with the bidders, it appears that higher costs are largely the result of inefficiencies and productivity rates assumed by the bidders for the project.

WOJV's estimate for the TG16.0 Interiors/Finishes Bid Package was based upon the 100% Construction Documents dated May 31, 2013. The estimate was finalized in February, 2014 and was reconciled with a separate estimate prepared by AECOM for Pelli Clark Pelli Architects (PCPA). Final bid documents for this package included ASI 132 dated April 27, 2015. The overall design, detailing and specifications have been refined between these two sets of documents. It should be noted that the CM/GC Agreement requires an estimate upon receipt of 100% construction documents and does not provide for any further updates of the estimate nor was WOJV directed by TJPA to perform an updated estimate.

WOJV has checked the wall quantities from the 100% CD estimate against the ASI 132 documents and determined that there was an increase in quantities for both wall types. In our discussions with the bidders we have determined that the quantities they bid are generally consistent with the quantities from the ASI 132 documents. The increase in wall quantities between the 100% CD Estimate and the ASI 132 bid set of documents accounts for a \$2.98 Million variance in cost between the estimate and the bids received.

The attached spreadsheet identifies other differences between the two sets of documents. The spreadsheet shows an increase in insulation quantities, materials for the Roof Top Restaurant, revised CMU and partition walls, revised specifications, and finish levels totaling \$5,462,464.

As the development of bid packages progressed, some items were shifted from other trade packages to TG16.0 Interiors/Finishes Bid Package. This shifting of scope includes scaffolding that is shared by other trades, changes due to VE/secondary mitigation (W-18 vs. W-14, prefabricated buildings vs. conventional buildings, metal wall protection vs. finish drywall, etc.), and scope reassigned from other bid packages (access panels for MEPS trades) totaling \$2,461,116.

When the 100% CD estimate was produced, all bid packages were scheduled to be bid out by the end of 2014. Due to refinement of the design and implementation of secondary mitigation, TG16.0 was issued for bid on February 12, 2015 following receipt of ASI 128 documents and subsequently ASI 132 documents which were received on May 4, 2015. With the current progression of structural steel and concrete work in the field, there are some additional costs to the TG16.0 bidders that were not included in the 100% CD Estimate. Some examples are patching of fireproofing, locating reinforcement within concrete slabs for post installed dowels/anchors, and drill and epoxy of anchors/dowels.

Through the above analysis WOJV has been able to identify more than ten million dollars in specific costs between the 100% CD Estimate and the TG16.0 bid documents. Since this does not fully account for all the differences between the estimate and the bids received, it is fair to assume that the balance is due to each

TG16.0 Interiors and Finishes Bid Analysis

July 2, 2015

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subcontractor's approach, management/ supervision costs, varying overhead and the subjective factors noted above. We do not have access to the bidders' estimates to determine the exact cause of the variance between bids received and the 100% CD Estimate. Due to the timing, scope and unique nature of the Transbay project, there aren't other projects that are directly comparable with available comparative data.

There were three competitive bids received for TG16.0 and there were three subcontractors each bidding masonry walls and interior partitions. These bids reflect the current market conditions as well as the current difficult logistics of the project. We have determined that the low bidder understands the scope of the project. WOJV believes the bids received are fair and reasonable and were arrived at in an independent manner. We do not believe that rebidding this scope is likely to achieve a better result and failure to award this scope in July would cause project delays driving up the cost even further. WOJV recommends award of TG16.0 to Skanska.

Please contact me should you have any questions.

Sincerely,

WEBCOR/OBAYASHI Joint Venture



On behalf of
Steve Humphreys
Vice President

cc: M. Ayerdi-Kaplan, J Pedersen, D. Turchon, S. Gigliotti, B. Dykes

COM3341

100% CD Estimate - By trade group sent to TJPA on 6/12/14

Original Bid Package	100 % CD Estimate	Skanska Bid	Variance
TG07.4 Masonry	\$ 7,391,701	\$ 12,207,635	\$ 4,815,934
TG08.4 Metal Ceilings	\$ -	\$ 265,629	\$ 265,629
TG16.1 Metal Framing & Drywall	\$ 6,920,552	\$ 18,594,036	\$ 11,673,484
TG16.2 Ceramic Tile and Flooring	\$ 938,689	\$ 1,107,730	\$ 169,041
TG16.5 Painting	\$ 2,751,742	\$ 2,599,774	\$ (151,968)
TG16.6 Doors/Frames/Hardware	\$ 1,321,961	\$ 531,258	\$ (790,703)
TG16.7 Millwork	\$ 308,906	\$ 300,670	\$ (8,236)
TG16.9 Prefab Buildings	\$ 405,411	\$ 932,528	\$ 527,117
TG20.1 Final Cleaning	\$ 868,373	\$ 452,135	\$ (416,238)
Access 8.x & 10.x	\$ -	\$ 1,243,370	\$ 1,243,370
Restaurant	\$ -	\$ 791,236	\$ 791,236
Total	\$ 20,907,335	\$ 39,026,000	\$ 18,118,665

TG16.0 Interiors/Finishes - Added Cost Breakdown

Value	Scope Item	Quantity Refinement	Shifted Scope
\$ 1,243,370	Work Platform		Design, furnish, install, maintain and remove elevated work platforms for use by all trade subcontractors requiring access.
\$ 791,236	Roof Top Rest.	Roof Top Restaurant	
\$ 441,764	CMU	SF of wall added - ASI 118	
\$ 2,542,464	Stud Walls	SF of wall added - ASI 118, 119, 127 & 128	
\$ 370,000	Insulation	SF of insulation added	
\$ 265,629	Cement Plaster		Cement plaster (W-18) added after 100% CD. Secondary mitigation changed from W-14 (TG8.4 Metal Ceilings). - 09 24 00 Issued ASI 124, ASI 127, ASI 128
\$ 527,117	Prefab Buildings		Prefab buildings added after 100% CD. Secondary mitigation to change site built system to prefabricated buildings (previously W-16 skin, electrical, drywall, plumbing, etc.) - ASI 118, 119, 124, 128
\$ 250,000	CMU	8" and 10" CMU changed to 12" CMU and increased rebar requirements - ASI 118, 119, 121	
\$ 100,000	Framing	Doubled number of braces in stud walls requiring bracing - 09 22 19 3.4 B 9	
\$ 100,000	Framing	Revised structural design requirements - Specification 01 80 50 added as a reference in non-structural framing spec, and referenced structural design criteria within on S-0005 was revised after 100% CD's - 09 22 19 1.6 B	
\$ 100,000	Framing	Added design-build responsibility for Ballistic resistant walls added to non-structural framing spec subsequently to 100% CD set - 09 22 19 1.6 K	
\$ 20,000	Framing	Subsequently to 100% CD's, requirements were added to review the design given within the contract documents to assure the design with the contract documents comply with the stud manufacturer's requirements and directs that guages be changed if necessary 0 09 22 19 2.3 E	
\$ 20,000	Framing	Subsequently to 100% CD's, requirement deleting the ability to use shot pins for overhead work in non-structural framing was added - 09 22 19 2.5 A 3	
\$ 500,000	General		Patching of Fireproofing for work installed out of sequence
\$ 1,000,000	General		Scanning of concrete for post applied fasteners installed out of sequence
\$ 500,000	CMU		Drilling and epoxy of rebar for reinforcement installed out of sequence

TG16.0 Interiors/Finishes - Added Cost Breakdown

Value	Scope Item	Quantity Refinement	Shifted Scope
\$ 500,000	Framing		Portions of the concrete work will be completed prior to installation of TG16.0 Interiors/Finishes' work. Furnish and install all post-installed anchors/embeds associated with/integral to the work of this Trade Package.
\$ 25,000	Framing		Added access panels for MEPS trade contractors
\$ 150,000	Framing		Removal of foam forming material to install fire stopping due to an inability to coordinate materials in sequence
\$ 300,000	Framing	Changing of standard framed walls to ballistic resistant assemblies	
\$ 130,000	Framing		Remove structural fill polystyrene from t.o. str. Slab (civil/topping) to Insul 7 (finishes) - ASI 132
\$ 220,000	Framing		Remove steel plate at stairs increasing finish requirements - ASI 119, 128 & 130 (secondary mitigation)
\$ 320,000	Framing	Wall finish level revised to primarily Level 5 in lieu of Level 4 - ASI 127	
\$ 50,000	Framing		Infill opening for Service Elevator 201 - ASI 128
\$ 5,000	CMU	Changed CMU A1-2252, A1-3196 - ASI 128	
\$ 10,000	Framing	Added 2 hour ceiling assembly at temp. retail façade - - FO T-00027 & ASI 128	
\$ 20,000	Framing	Stair 405 added (added rated passageway) - ASI 118	
\$ 10,000	CMU	Added CMU stem wall at vehicle ramp 2/A1-9255 - ASI 121	
\$ 2,000	Framing	Revised Wall Type 49 - ASI 127	
\$ 60,000	Framing	Added control joints - ASI 121, ASI 127	

AGREEMENT
AMENDMENT NO. 57
BETWEEN
TRANSBAY JOINT POWERS AUTHORITY
AND
WEBCOR/OBAYASHI JOINT VENTURE

THIS AMENDMENT for AGREEMENT is entered into as of the 9th day of July, 2015, by and between the TRANSBAY JOINT POWERS AUTHORITY (TJPA) and Webcor/Obayashi Joint Venture (CM/GC). By this Amendment No. 57, 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. 57. 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 TG16.0: Interiors/Finishes package on February 12, 2015, and received and publicly opened three bids on May 21, 2015.
- D.** Skanska USA Building, Inc., was the responsible bidder submitting the lowest responsive bid in the amount of \$39,026,000.

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 \$40,391,910 (Trade Package Direct Costs of \$39,026,000 and CM/GC Fixed Fee, calculated at 3.5 percent of Direct Costs, of \$1,365,910) and the award of Trade Subcontract No. TG16.0 to Skanska USA Building, Inc., for performance of the construction of TG16.0: Interiors/Finishes.
- 2.** The detailed scope of work and schedule incorporated by this Amendment is provided in the Contract Documents dated December 16, 2014, and all associated Addenda.

IN WITNESS WHEREOF, the parties hereto have executed this contract Amendment No. 57 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