

Memorandum

To: Cost Review Committee

From: Ron Alameida, Director of Design & Construction for the Transbay Transit Center, SF Public Works
Dennis Turchon, Senior Construction Manager, TJPA
Mary Pryor, Interim Chief Financial Officer, TJPA

Date: For the Committee Meeting of August 29, 2018

Re: Agenda Items 7-8

Agenda Item 7 – Expenditures and Commitments of Proceeds of the City Financing that Require CRC Approval

Commitments

The Cost Review Committee (CRC) has previously given authorization for TJPA to issue commitments (budget appropriations) for various construction, construction administration, and legal costs of up to \$175 million in City Financing proceeds and draws of up to \$145 million. As discussed above, in addition, the CRC gave an informal indication that it would take a future approval action for up to \$25 million of City Financing proceeds to be spent on base building improvements and tenant improvement allowances necessary for retail at the transit center.

The commitments through July 31, 2018 are shown below; they represent a \$5.9 million increase since April 5, 2018, primarily attributable to legal costs and including issuance costs.

Scope/Trade Package/Contract	Type ¹	Committed
Transit Center Design Team Construction Admin	NTP	\$1,663,000
Various Logistics Packages	NTP / CCOs	16,354,763
TG07.2 Superstructure Concrete	CCO	961,995
TG07.3 Miscellaneous Metals	CCOs	133,155
TG07.6 Concrete Topping Slabs/Rails/Joints	NTP	10,485,538
TG08.2 Exterior Awning	NTP	9,646,200
TG08.6 Metal Ceilings	NTP/CCO	4,849,094
TG08.11 Glass Curtain Walls/Skylights	NTP	14,375,033
TG10.3 Heating Ventilation Air Conditioning	NTP/CCO	617,105
TG10.4 Electrical/Communications	NTP	15,483,683
TG12.1 Civil/Sitework at Grade	NTP	5,823,078
TG13.1 Roof Park Landscaping & Irrigation	NTP/CCO	11,560,188
TG13.2 Roofing/Waterproofing	NTP	3,097,935
TG16.0 - Interiors/Finishes	NTP	11,324,678
TG16.8 Fireproofing/Intumescent Spray	NTP	1,848,936
TG18.1 Bus Ramps	NTP	5,220,650
Enhanced Commissioning	NTP	50,000
WOJV Procurement	CCO	103,500
Physical Security Information Management System	NTP	2,299,209
SFPUC Permanent Power	Power Agreement	1,079,859
Seyfarth Shaw / Jones Day; Constr / Litigation Counsel	RFS	9,131,475

¹ NTP – Notice to Proceed. CCO – Contract Change Order. RFS – Request for Services

Scope/Trade Package/Contract	Type ¹	Committed
Public Art Program	Artist Contracts	886,550
Bus Storage Construction	NTP	23,342,779
Bus Storage Constr Admin & Constr Management	NTP	528,993
Other Bus Storage costs, incl. permits	Other	535,398
Base Building Improvements	Other	789,828
Subtotal		152,192,622
Issuance Costs	Financing	1,181,314
Total with Issuance Costs		\$153,373,936
CRC Authorizations to Date		\$175,000,000
Available Balance for Commitments		\$21,626,064

In the upcoming months, TJPA anticipates the following additional commitments of City Financing, which are within the \$175 million previously authorized by the CRC:

Scope/Trade Package/Contract	Type	Planned Commitment
Construction CCOs		\$8,500,000
Elevator and Escalator Capitalized Maintenance		\$776,000
Pelli (Warranty Support and Extended CA)		\$2,300,000
PMPC		\$1,000,000
301 Mission Legal (Jones Day and Legal Bench)	RFS	\$5,900,000
Legal Bench (not related to 301 Mission)	RFS	\$300,000
Total Planned Commitments		\$18,776,000
Available CRC Authorized Balance for Commitments		\$21,626,064
Remaining Balance for Commitments		\$2,850,064

Agenda Item 8 provides additional information for the anticipated change orders and contract amendments that are included in the table above.

Agenda Item 8 – Opportunity to Comment on Contracts, Change Orders and Contract Amendments that Require CRC Review

TJPA staff has identified the need to utilize Program Reserve funding for several items related to phase 1. These items are: the replenishment of the construction contingency, the additional overhead costs related to design support and cost of interest payments, and additional legal costs related to 301 Mission.

As merited construction change orders have been processed, the contingency balance has depleted to a level requiring replenishment due mainly to the additional costs associated with the TG5.XX trade packages for general conditions/logistics. The scope in these trade packages are for scope such as dumpster offhaul, hoisting of materials not procured through other trade packages, required elevator attendants, and general cleanup of the site not specifically attributable to one trade package. The original budgeted amount for these packages was approximately \$45 million, but due to additional scope requirements imposed on these general conditions packages along with the Contract completion 8 months beyond the original projections, the actual need will be \$60 million, which uses \$15M more of the contingency than was contemplated with the original budget. All required change orders to this Trade package has already been presented to the Cost Review Committee with approvals granted and this request for a Program Reserve shift is for a construction contingency replenishment of \$11.5M against the \$15M encumbered, with the delta being absorbed by the contingency funds. With this action, it will position the construction team with a contingency balance to resolve disputes expeditiously and efficiently.

As construction has progressed 8 months beyond the originally anticipated completion date, administration and support services costs have continued beyond the planned budget. These time-dependent costs include TJPA staff salaries and benefits, rent, and other administrative costs. In addition, the change in the start of operations has delayed the transfer of some staffing costs to the operations budget, which is separate from the Phase 1 construction budget.

Interest expenses and loan costs are also included in the administrative cost budget. The Phase 1 budget established in 2016 included the cost of the bridge financing. Since the adoption of the budget, the TJPA sold the interest rate cap from the bridge financing for approximately \$3.18 million. The current budget projections also include the interest costs, closing costs, and other fees associated with the City Financing. The net change in budgeted interest and related costs is \$2.6 million greater than the 2016 budget. The additional costs associated with the Design Support, Administration, and Interest expenses have been offset by anticipated savings on several professional services contracts as well as DPW construction management savings. The net change for these elements is \$3.8 million.

Therefore, with the Contingency replenishment amount of \$11.5 million along with the \$3.8 million to address the Design Support (Pelli), Administration, and Interest needs, the TJPA request to the Cost Review Committee is for a program reserve shift of \$21 million.

Professional Services Contract Amendments above the \$250,000 Threshold and/or to be funded with City Financing

Jones Day

As previously reported, the TJPA Board of Directors authorized the award of a contract in December 2016 to Jones Day to provide services to TJPA related to the 301 Mission litigation. The term of the contract is five years, with the option to extend for up to three years. The initial compensation was set at \$500,000, with the understanding that the contract would be amended periodically to increase the compensation as appropriate. In May 2017, the maximum compensation was increased to \$2 million, in September 2017 to \$3.5 million, in February 2018 to \$5.7 million, and in June 2018 to \$10.7 million. TJPA anticipates requesting an amendment for an additional \$5 million for a total of \$15.7 million.

We continue to anticipate that the maximum compensation may be increased in the future as the need arises; more will be known regarding potential duration as litigation continues. Hourly rates are blended, which saves money on higher-level attorneys, and it is anticipated that a large portion of the costs of the 301 Mission litigation will ultimately be reimbursed by insurance companies for the TJPA's contractors and/or by the contractors themselves with a duty to indemnify TJPA. As to budget, Program Reserve is being used to fund these expenditures, which are being tracked separately from other legal costs. The planned funding sources include City Financing proceeds, CFD Bond proceeds, and reimbursements from insurance carriers. Currently, insurance carriers have reimbursed 18 percent of the Jones Day contract costs.

Outside Counsel Bench

On September 13, 2012, the TJPA Board approved the execution of Professional Services Agreements for Legal Services with the following bench of law firms:

- Shute, Mihaly & Weinberger LLP, real estate, general counsel
- Seyfarth Shaw LLP, construction counsel
- Renne Sloan Holtzman Sakai LLP, labor and employment counsel
- Nixon Peabody LLP, public and private finance counsel

Each firm has an agreement to provide legal services in their respective practice areas on an as-needed basis for five year terms, with the option to extend each for three additional years. The contract terms for each firm will expire in August or September of 2019. The current maximum authorization amount is \$15 million. Work is authorized via written Requests for Services (RFS) and billed hourly at the rates included in each respective agreement.

The TJPA Board will consider a \$2 million increase to the maximum compensation to \$17 million, based on anticipated expenditures through the end of each firm's contract term. This increase is necessitated by previous and ongoing work related to the 301 Mission Street litigation. To date, SMW has expended more than \$2.1 million for the 301 Mission case which was not anticipated at the time of contract award. As such, the additional authorization is required to continue the other necessary legal services for the TJPA.

The Phase 1 budget includes an additional \$600,000 for legal services, and the operating budget for FY19 includes \$500,000. The remaining \$900,000, which is the amount anticipated for future 301 Mission-related services, would be funded from program reserves.

Pelli Clarke Pelli Architects (PCPA)

As of June 22, 2018, the PCPA Design Team's Construction Administration Base Services has expired. This expiration date was established previously when the opening of the transit center was scheduled for December of 2017. Based on the latest schedule by the CM/GC, the transit center was expected to achieve Certificate of Occupancy in early July 2018. The Transit Center opened to the public on August 12th, with Final Completion anticipated in mid-October 2018, and miscellaneous closeout items anticipated through December 2018. The design contract was budgeted and funded based on the CM/GC's baseline construction schedule's opening date of December 2017. The current request to the Committee is a not-to-exceed amount of \$1,300,000, to extend PCPA's services through December 2018, based on the actual opening date. The extension of PCPA's Construction Administration services will be funded from the Program Reserve. TJPA also anticipates issuing an NTP for PCPA Warranty Support in the near term. The existing contract with PCPA includes \$1 million for Warranty Support, which is included in the list of planned commitments of City Financing in Item 7 above.

Construction Change Orders above the \$250,000 Threshold and/or to be funded with City Financing

The following are new change order requests (CORs) and construction change orders (CCOs) since the last CRC meeting:

Transit Center

TG10.2– Plumbing

COR 311837.1– PG&E added Supports for Gas Meter - \$700,000

This COR is for all labor, material, and equipment required to complete gas meter room design of gas piping distribution lines to the meters. This change includes, but is not limited to, designing and coordinating the layout of the gas line routing from the building to the PG&E meters, and reviewing design with PG&E for approval. The design of the gas meter room and its components were finalized late 2016 between PG&E, and the design team and documented through a series of Requests for Information (RFIs). This change has been categorized as Scope Procurement. This request to the committee is for a Not-to-Exceed (NTE) amount of \$700,000.

COR 311901– Revised Supports for Piping in Service Corridors- \$1,000,000

This COR is for all labor, material, and equipment required to install revised supports for piping in the service corridors. This change includes, but is not limited to, installing unistrut supports in the north corridors at the future walls. Piping in the corridor could not be installed per typical detail due to a future duct running overhead. This change is being reviewed for merit. If there is merit to the change, it will be categorized as Errors and Omissions. This request to the committee is for a Not-to-Exceed (NTE) amount of \$1,000,000.

TG10.4– Electrical

COR– RFI T-6974.1 Modified LE-281 Fixture and Power Feed Location- \$300,000

This COR is for all labor, material, and equipment required to revise and relocate light fixture LE-281 and provide revised power feed due to new location. This change includes, but is not limited to, installing custom housing for the fixtures, installing new lens, modifying the light fixture, and additional material required to install fixtures at new locations. Modifications to the light fixture were a result of finalizing the design of the Awning by design build contractor. This change has been categorized as Errors and Omissions. This request to the committee is for a Not-to-Exceed (NTE) amount of \$300,000.

COR– RFI-T 6854.1 Installation of Dedicated Emergency Circuit for Elevator Monitoring System- \$300,000

This COR is for all labor, material, and equipment required to install a dedicated emergency circuit for the elevator monitoring system. This change includes, but is not limited to, installation of conduit, installation and termination of cables, and installation of all associated supports. Design drawings did not show dedicated emergency circuit for elevator monitoring system. RFI T-6854 provided updated drawings including this added scope of work. This change has been categorized as Errors and Omissions. This request to the committee is for a Not-to-Exceed (NTE) amount of \$300,000.

COR 313473– RFI T-7267 Power to Signage Pylons- \$2,000,000

This COR is for all labor, material, and equipment required to upsize electrical equipment upstream of the signage and informational pylons. This change includes, but is not limited to, installing additional feeders, protective devices, and upstream distribution equipment. Electrical loads for the signage pylons and informational kiosks signage were submitted through the design build contractor with higher electrical loads than the anticipated design loads. As a result, electrical equipment upstream of the pylons needed to be upsized to accommodate for the increased load. This change has been categorized as Errors and Omissions. This request to the committee is for a Not-to-Exceed (NTE) amount of \$2,000,000.

COR 312021– RFI T-5960 – Added Door Power- \$800,000

This COR had been previously submitted to the Cost Review Committee (CRC) for a NTE of \$760,000, but has increased to \$800,000 after coring costs, and overtime costs were incorporated into the price. The original cost included the labor, equipment, and material to bring power to doors that require a power supply as outlined in RFI T-5960. This change has been categorized as Errors and Omissions. This request to the committee is for a Not-to-Exceed (NTE) amount of \$800,000.

COR 312021.2– Power to Crown Corr Doors - \$450,000

This COR is for all labor, material, and equipment required to install 120V power to the Crown Corr power supply for their door hardware. This change includes, but is not limited to, installing conduit, the door power supply, and pulling and terminating cable. 120V power requirement was added after design build contractor finalized their design. This change has been categorized as

Scope Procurement. This request to the committee is for a Not-to-Exceed (NTE) amount of \$450,000.

General Closeout

Various COR Items and Resolvable Claim Items – \$17,414,000

This closeout bucket consists of both submitted change orders and costs not yet submitted, related to any supplemental work and/or acceleration to recover schedule, design changes made during the construction process, field modifications made due to unforeseen conditions, owner requested changes, in addition to easily resolvable claims. These costs are estimated and include any costs related to closing out the remainder of the active trade packages on the project. Changes in this bucket are consisted of all the categories and will be issued in separate change orders accordingly. Current cash flow projections estimate approximately \$7,250,000 to be issued and bill for by November 2018. Change orders issued through this bucket will be consisted of varying categories. This request to the committee is for a Not-to-Exceed (NTE) amount of \$17,414,000.

Bus Storage Facility (BSF)

BSF CCO #49 3rd Street Entrance with the City & SFMTA, Requirement- \$ 38,000

This change order request is for the additional design requirement that were requested by the City & SFMTA. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$38,000.

BSF CCO #50 AC Transit Additional Stripping & Signs- \$ 27,500

This change order request is for the Additional Stripping & Signs that were requested by AC Transit after bus testing. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$27,500.

BSF CCO #51 Installation of Gate at the base of the Harrison ramp- \$33,000

This change order request is for the installation of an additional functioning gate at the base of the Harrison Avenue slip ramp to allow transit and maintenance vehicles access to the Bus Ramp. Power was already run to the site via TG18.1 Bus Ramp project and BSF will install the gate. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$20,000.

BSF CCO #52 ASI 150-024 Street Lighting at Clementina, Tehama and Howard Streets- \$ 100,000

This change order request is for the installation of an additional Street Lighting at Clementina, Tehama and Howard Streets. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$100,000.

BSF CCO #53 BSF low voltage, fiber between BSF & Transit Center Building. Internet- \$ 110,000

This change order request is for the installation of low voltage, fiber between BSF and Transit Center Building. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$110,000.

BSF CCO #54 Clementina Street Glare Screen- \$ 17,000

This change order request is for the installation of Clementina Street Glare Screen. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$17,000.

BSF CCO #55 Arup RFI 7746-Structure Backfill, Rough Grading, Paving Co. - \$182,175

This change order request is for the installation of Structure Backfill, Rough Grading, Paving Co. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$182,175.

BSF CCO #56 BSF Guardrail Ends. \$12,000

This change order request is for the installation of protection of guardrail ends that were requested by AC Transit after bus testing. This change has been categorized as Scope Procurement. This request to the committee is for an NTE amount of \$12,000.

The attached change order logs provide further detail on all CCOs presented to the CRC to-date.