

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	08/25/14	Open	Action	08/18/14

Subject: Approving the First Amendment to the Agreement for Relocation Reimbursement (Gas Line) with Pacific Gas & Electric Company for the SSCP2 Project.

## ISSUE

Whether or not to Approve the First Amendment to the Agreement for Relocation Reimbursement (Gas Line) with Pacific Gas and Electric Company for the South Sacramento Corridor Phase 2 Project.

## RECOMMENDED ACTION

Adopt Resolution No. 14-08-\_\_\_\_\_, Approving the First Amendment to the Agreement for Relocation Reimbursement (Gas Line) with Pacific Gas and Electric Company for the South Sacramento Corridor Phase 2 Project.

## FISCAL IMPACT

Budgeted:	Yes	Last FY or Earlier:	\$	915,487.50
Budget Source:	Capital	This FY:	\$	4,842,960.50
Funding Source:	New Starts/MSA/Prop1B, Revenue Bonds, State Loan	Annualized:	\$	N/A
Cost Cntr/GL Acct(s) or Capital Project #:	910800 410.03.04.01 410.06.05-various	Total Amount:	\$	5,758,448.00
Total Budget:	\$ 6,082,938			

Original Agreements	\$3,001,292.92 (Including Design)
<u>1<sup>st</sup> Amendment</u>	<u>\$2,757,155.05</u>
Total	\$5,758,448.00

## DISCUSSION

The South Sacramento Corridor Phase 2 Project (Project) will extend Sacramento Regional Transit District (RT)'s light rail service from its existing terminus at Meadowview Road south and east 4.3 miles to Cosumnes River College (CRC). The extension will link the South Corridor, with Downtown, the northeast Sacramento corridor and Rancho Cordova or Folsom in the east corridor. The project includes four stations located at Morrison Creek, Franklin Boulevard, Center Parkway, and Cosumnes River College. The current estimated project cost is \$270 million.

As part of the original Project, the existing Pacific Gas and Electric Company (PG&E) 20" gas line was to be relocated within Detroit Boulevard. As a result of feedback received at the April 13, 2011 Detroit Boulevard Neighborhood Association meeting and the recommendations from the

Approved:

Presented:

Final 8/18/14

General Manager/CEO

Director, Civil and Track

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Initial Study/Environmental Assessment (IS/EA) for the relocation, RT and PG&E agreed that the existing gas line will remain in place within the Union Pacific Railroad (UPRR) Corridor. As part of the IS/EA recommendations, the work necessary to keep the gas line in place includes the construction of a subsurface retaining wall to allow the RT tracks to remain in service if it is necessary to replace/repair the pipeline. There is a 400' section of pipe, a track crossing and a valve lot that was relocated within the UPRR corridor to accommodate the track construction.

In September 2012, RT and PG&E entered into the Agreement for Relocation Reimbursement (Gas Line), which provides for RT to reimburse PG&E for up to \$3,001,292.92 for actual costs incurred for the pipeline work. That amount includes \$915,487.50 that had already been paid to PG&E for design work prior to execution of the Agreement.

In fall 2012, the Federal Transit Administration (FTA) provided notice to RT that all utility relocations for the Project must comply with the federal Buy America requirements, which include requirements that all steel, iron, and manufactured products be produced in the United States. Historically, both transit districts and utilities assumed that Buy America requirements did not apply to utility relocations. In May 2013, RT provided notice to PG&E to cease work that did not comply with Buy America to avoid jeopardizing federal funding for the Project.

Application of the Buy America requirements to federally-funded utility relocations not only impacted PG&E's relocation work for RT's Project but many of PG&E's relocation projects across the state. RT staff worked with PG&E to identify foreign components and looked at ways to meet the federal Buy America requirements. Inclusion of American-made piping, fittings and valves increased the cost and lead times and required PG&E to obtain safety certifications for some of the American-made materials. PG&E was eventually able to identify American made materials, with the exception of certain valves for the valve lot relocation. Testing an American-made valve for safety compliance would have delayed the Project by at least 9 months; however, RT's position was that the valve is a subcomponent that is not required to be produced in the United States. RT submitted a request for concurrence to the FTA in November 1, 2013 arguing that the gas transmission system, as a whole, meets Buy America requirements. In the meantime, RT directed PG&E to proceed with the relocation work to avoid a delay claim from the construction contractor. Unfortunately, RT's request for concurrence was denied in a response provided on July 10, 2014. The FTA concluded that some of the parts were components, rather than subcomponents. RT staff is currently developing a response to FTA.

The delays caused by the Buy America requirements and the increased material costs have increased PG&E's cost estimate for the work by \$2,757,155.08, for a total "not to exceed" reimbursable amount of \$5,758,448.00 (including previously-paid amounts). Additional cost and construction work may be required as a result of FTA's finding. Any changes to the Agreement resulting from FTA's finding will be presented to the Board for consideration at such time that the changes are known.

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Staff recommends the Board Approve the First Amendment to the Agreement for Relocation Reimbursement (Gas Line) between Pacific Gas and Electric and Sacramento Regional Transit District to increase the not-to-exceed amount by \$2,757,155.08 and add requirements for Buy America Compliance.

RESOLUTION NO. 14-08-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

August 25, 2014

**APPROVING THE FIRST AMENDMENT TO THE AGREEMENT FOR RELOCATION REIMBURSEMENT (GAS LINE) WITH PACIFIC GAS AND ELECTRIC COMPANY FOR THE SOUTH SACRAMENTO CORRIDOR PHASE 2 PROJECT**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the First Amendment to the Agreement for Relocation Reimbursement (Gas Line) between the Sacramento Regional Transit District, therein referred to as "RT," and the Pacific Gas and Electric Company, therein referred to as "PG&E," whereby the total "not-to-exceed" reimbursement amount is increased by \$2,757,155.08 to account for increased costs due to Buy America compliance requirements, for a total reimbursement amount not to exceed \$5,758,488.00, (including previously-paid amounts), is hereby approved.

THAT, the Chair and General Manager/CEO is hereby authorized to execute the First Amendment.

\_\_\_\_\_  
PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary