

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	02/10/14	Open	Action	02/03/14

Subject: Delegating Authority to the General Manager/CEO to Execute the First and Second Amendments to the Agreement for Relocation Reimbursement (Gas Line) with Pacific Gas & Electric Company for the SSCP2 Project.

ISSUE

Whether or not to Delegate Authority to the General Manager/CEO to Execute the First and Second Amendments 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. 14-02-_____, Delegating Authority to the General Manager/CEO to Execute the First and Second Amendments 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	This FY:	\$	1,677,867.34
Budget Source:	Capital	Next FY:	\$	2,478,673.42
Funding Source:	New Starts/MSA/Prop1B, Revenue Bonds, State Loan	Annualized:	\$	N/A
Cost Cntr/GL Acct(s) or Capital Project #:	910800 410.06.05.04	Total Amount:	\$	4.156,540.76
Total Budget:	\$ 4,156,540.76			
Original Agreement	\$2,478,673.42			
1 st Amendment	\$1,300,000.00			
2 nd Amendment	377,867.34			
Total	\$4,156,540.76			

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,

Approved:

Presented:

Final 02/05/14

General Manager/CEO

Director, Civil and Track

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2011 Detroit Boulevard Neighborhood Association meeting and the recommendations from the 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 (soldier pile and lagging) 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 will be 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 \$522,619.50 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 the 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 delay the SSCP2 project by at least 9 months; however, RT's position is that the valve is a subcomponent that is not required to be produced in the United States. RT has submitted documentation to the FTA demonstrating that the gas transmission system, as a whole, meets Buy America requirements. RT is currently awaiting written confirmation from the FTA that the documentation is acceptable to demonstrate Buy America compliance and has received an indication that concurrence is forthcoming.

The delays caused by the Buy America requirements and the increased material costs have increased PG&E's cost estimate for the work by \$1,300,000.00, for a total "not to exceed" reimbursable amount of \$4,301,292.92 (including previously-paid amounts).

Under the Agreement, as amended, PG&E would be required to provide notice to RT if it expects to exceed the amended not-to-exceed amount and the parties would negotiate another amendment to the Agreement, if appropriate. RT will not make payment to PG&E unless the materials provided on site to be installed are verified to meet Buy America requirements. As

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required by the FTA, RT staff are self-performing the Buy America audit and the documentation will be available to the FTA for its review upon request.

RT has provided a draft of the First Amendment to PG&E for its review and is awaiting comments from PG&E. To prevent further delays during relocation and construction, staff recommends the Board delegate authority to the General Manager/CEO to execute the First Amendment to increase the reimbursable amount by \$1,300,000 and, in addition, delegate authority to the General Manager/CEO to execute an additional amendment for a not-to-exceed amount of \$377,867.34 if differing site conditions or other unexpected expenses arise.

Staff recommends delegating authority to the General Manager/CEO to Execute 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 \$1,300,000 and, in addition, delegating authority to the General Manager/CEO to execute a Second Amendment, as needed, in an amount not to exceed \$377,867.34 to compensate PG&E for differing site conditions or other unexpected expenses.

RESOLUTION NO. 14-02-_____

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

February 10, 2014

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE THE FIRST AND SECOND AMENDMENTS TO THE AGREEMENT FOR RELOCATION REIMBURSEMENT (GAS LINE) WITH PACIFIC GAS AND ELECTRIC COMPANY FOR THE SOUTH SACRAMENTO CORRIDOR PHASE 2 PROJECT (GAS LINE).

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

THAT, the General Manager/CEO is hereby authorized to execute a 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 \$1,300,000 to account for increased costs due to Buy America compliance requirements, for a total reimbursement amount not to exceed \$4,301,292.92, (including previously-paid amounts).

THAT, the General Manager/CEO is hereby authorized to execute a Second 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," to increase the total not-to-exceed amount by up to \$377,867.34 if PG&E will incur additional expenses due to differing site conditions or other unexpected costs in carrying out the work.

THAT, the General Manager/CEO is hereby authorized to execute the Second Amendment upon satisfaction of the foregoing contingency.

PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary