

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	01/27/14	Open	Action	01/16/14

Subject: Approving Change Order 19 to the Contract with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture

ISSUE

Whether or not to approve Contract Change Order No.19 to the Contract for Construction of SSCP2 Civil ,Track, Structures, Stations, and Systems with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (BBRI/BBII/Teichert JV)

RECOMMENDED ACTION

Adopt Resolution No. 14-01-_____, Approving Contract Change Order No. 19 to the Contract for Construction of SSCP2 Civil ,Track, Structures, Stations, and Systems with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (BBRI/BBII/Teichert JV).

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	554,451.41
Budget Source:	Capital	Next FY:	\$	N/A
Funding Source:	New Starts/Prop1B/ Developer Fees/Measure A/Revenue Bonds, State Loan	Annualized:	\$	N/A
Cost Cntr/GL Acct(s) or Capital Project #:	410.08.02.02.19	Total Amount:	\$	554,451.41
Total Budget:	\$554,451.41			

DISCUSSION

On August 27, 2012, the Board authorized the General Manager/CEO to release bid documents for certain owner-furnished materials for the South Sacramento Corridor Phase 2 Project (SSCP2), including Train to Wayside Communication (TWC) Equipment. The Invitation to Bid (ITB) for TWC equipment was released on October 10, 2013 and advertised pursuant to the Procurement Ordinance.

RT received one bid, from Vecom USA, LLC (Vecom). However, the bid from Vecom was deemed non-responsive because Vecom did not submit bid security as expressly required in the ITB. Because Vecom was the only company to provide a bid, the Board rejected the bid on December 9, 2013 and authorized the General Manager/CEO to release and advertise the ITB for the purchase of SSCP2 TWC Equipment.

Approved:

Presented:

Final 01/17/14

General Manager/CEO

Director, Construction Management

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Due to the delays caused by the need to reject the bid from Vecom and readvertise, staff determined there is increased schedule and budget risk to the Project. If RT were to go back out to bid for the SSCP2 TWC Equipment, the forecast delivery date of the equipment is July 24, 2014. This assumes no additional delays to the procurement process and no processing delays from the selected TWC Equipment contractor. RT expects that Vecom would be the only bidder if RT re-solicited for the equipment. For safety reasons, the specifications for the TWC Equipment for SSCP2 require that the equipment integrate with RT's existing TWC equipment. After the earlier solicitation, RT contacted other potential suppliers to determine why the suppliers did not bid; the suppliers stated that the integration requirement would entail substantial engineering costs that would make them not price-competitive, and so they made a commercial decision not to bid.

RT must provide the equipment to BBRI/BBII/Teichert JV by August 1, 2014 to meet its contractual obligation— exactly one week after the expected delivery date.

In reviewing the above information, staff determined that the likelihood of TWC Equipment procurement proceeding without further delays introduces significant risk to the Project. Any outcome that prevents RT from awarding the contract or delays the delivery of the TWC Equipment to BBRI/BBII/Teichert JV could result in delay claims from BBRI/BBII/Teichert JV and a delay to the overall Project schedule.

To eliminate this risk, staff is asking the Board to approve Contract Change Order No. 19 to the BBRI/BBII/Teichert JV Contract, which would transfer the responsibility of providing the TWC Equipment from RT to BBRI/BBII/Teichert JV. The risk associated with delays in providing the TWC components would then be transferred to BBRI/BBII/Teichert JV. The price quote BBRI/BBII/Teichert JV received from Vecom to provide the TWC Equipment was identical to the price previously received by RT in the first bid that was ultimately rejected (\$509,652 + sales tax). While this bid was above the Independent Cost Estimate (ICE) RT generated prior to issuing the ITB, RT subsequently determined that the ICE did not include several elements of the work (TWC system training, TWC system test equipment, on-site support during installation of TWC); with those elements included, RT believes the \$509,652 price is fair and reasonable. Staff expects to pay approximately \$60,000 in ancillary expenses by issuing Contract Change Order No. 19, due to Quality Assurance expenses and BBRI/BBII/Teichert JV overhead and profit. The additional \$60,000 in expenses will come out of the Project's contingency budget, which currently has a balance of \$22.2 million. However, this shift will also reduce costs to the Project by avoiding procurement and contract management costs, lower the net cost of the CCO. More importantly, the cost of delaying the BBRI/BBII/Teichert JV and the overall Project schedule if RT went back out to bid for this equipment would be significantly higher than the incremental cost of issuing this Contract Change Order.

Staff recommends that the Board approve Contract Change Order No.19 whereby Contractor agrees to assume the obligation to provide TWC equipment for an amount not-to-exceed \$554,451.41.

RESOLUTION NO. 14-01-_____

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

January 27, 2014

APPROVING CONTRACT CHANGE ORDER NO. 19 TO THE CONTRACT FOR CONSTRUCTION OF SSCP2 CIVIL ,TRACK, STRUCTURES, STATIONS, AND SYSTEMS WITH BALFOUR BEATTY RAIL INC., BALFOUR BEATTY INFRASTRUCTURE INC., TEICHERT JOINT VENTURE (BBRI/BBII/TEICHERT JV).

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

THAT, Contract Change Order No. 19 to the Contract for the Construction of SSCP2 Civil, Track, Structures, Stations, and Systems between Sacramento Regional Transit District and Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (therein "Contractor") whereby Contractor agrees to furnish the train to wayside equipment necessary for the SSCP2 project for an amount not-to-exceed \$554,451.41, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute said Contract Change Order.

PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary