

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	11/10/14	Open	Action	10/23/14

Subject: Delegating Authority to the General Manager/CEO to Execute Contract Change Orders to the Contract for Construction of the SSCP2 Civil, Track, Structures, Stations and Systems Contract.

ISSUE

Whether or not to delegate authority to the General Manager/CEO to execute Contract Change Orders to the Contract for Construction of South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations, and Systems with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (BBRI/BBII/Teichert JV) for a total amount not to exceed \$3,711,659.00.

RECOMMENDED ACTION

Adopt Resolution No. 14-11-___, Delegating Authority to the General Manager/CEO to Execute Contract Change Orders to the Contract for Construction of South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations, and Systems with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (BBRI/BBII/Teichert JV) for a Total Amount Not to Exceed \$3,711,659.00.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$ 3,711,659.00
Budget Source:		Next FY:	\$
Funding Source:	New Starts, Prop 1B, Measure A, Revenue Bonds, Developer Fees, PTA Loan	Annualized:	\$
Cost Cntr/GL Acct(s) or Capital Project #:	410.08.02.00	Total Amount:	\$
Total Budget:	\$ 270,000,000.00		
Original Contract Value:	\$89,822,682.65		
Executed CCOs to Date:	\$ 327,413.06		
Current Contract Value:	\$90,150,095.71		

DISCUSSION

On July 22, 2013, the Board awarded a contract for Construction of South Sacramento Corridor Phase 2 (SSCP2), Civil, Track, Structures, Stations and Systems (CTSSS Contract) to the Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (BBRI/BBII/Teichert JV). BBRI/BBII/Teichert JV was given Notice to Proceed (NTP) on August 12, 2013.

The CTSSS Contract establishes a series of milestones by which certain elements of work must be complete. Two of the most significant milestones are labeled "C2" and "C4". C2 is defined as the completion of all work required to begin Integrated Testing and Start-up and C4 is defined as

Approved:

Presented:

Final 11/5/14

General Manager/CEO

Director, Construction Management

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the completion of all work in advance of revenue service. C2 has a contract duration of 637 days after NTP, establishing the date of May 11, 2015, and C4 has a duration of 727 days after NTP, establishing a date of August 9, 2015. RT's Full Funding Grant Agreement with the Federal Transit Administration requires revenue service to begin no later than September 6, 2015.

The time frames allowed are aggressive for a project of this size and complexity and that aggressive nature means that all opportunities to mitigate delivery risks should be pursued. The ability to effectively implement mitigation options is highly dependent on RT's ability to react quickly and to execute any necessary contract change orders with a minimum of administrative delays. The CTSSS Contract is now entering the final winter/spring construction cycle and winter rains may slow construction and impact completion. The ability to implement time-saving strategies quickly provides for enhanced flexibility resulting in lower overall project cost and greater schedule certainty. Given the current objective of achieving milestone C2 within approximately 180 days, and with consideration of the less productive winter months ahead, providing the General Manager/CEO with the authority to execute contract changes orders funded by allocated contingency now is a judicious and practical management approach.

At time of award, there was an allocated contingency budgeted of approximately 5% dedicated to the CTSSS Contract equaling \$4,440,229. To date, approximately \$728,570 of this allocation has been used to mitigate various unforeseen or unexpected circumstances, leaving a current balance of approximately \$3,711,659 of available allocated contingency. This allocated contingency is in addition to the remaining Project unallocated contingency of approximately \$12,000,000.

Procurement rules require that any Contract Change Order over \$100,000 be approved by the Board and Section §1.506(C) of RT's Procurement Ordinance stipulates the General Manager/CEO's overall Contract Change Order authority for the Contract as 10% of the first million, 8% of next 9 million, 6% of remaining contract and equates to approximately \$5.6 million. RT's standards of review and controls require that the Construction Management Consultant staff, as well as RT staff, verify and document the need for the proposed changes, including a review of the cost basis, before a recommendation to approve is provided to the General Manager/CEO. These reviews and controls would remain in place for all Contract Change Orders, irrespective of the amount. As a condition of this delegation, the General Manager/CEO would be required to report any single Contract Change order over \$100,000 to the Board.

Staff recommends that the Board authorize the General Manager/CEO to execute Contract Change Orders to the Contract for Construction of South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations, and Systems with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (BBRI/BBII/Teichert JV) for a total amount not to exceed the budgeted allocated contingency.

RESOLUTION NO. 14-11-_____

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

November 10, 2014

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE CONTRACT CHANGE ORDERS TO THE CONTRACT FOR CONSTRUCTION OF SOUTH SACRAMENTO CORRIDOR PHASE 2 CIVIL, TRACK, STRUCTURES, STATIONS, AND SYSTEMS WITH BALFOUR BEATTY RAIL INC., BALFOUR BEATTY INFRASTRUCTURE INC., TEICHERT JOINT VENTURE (BBRI/BBII/TEICHERT JV) FOR A TOTAL AMOUNT NOT TO EXCEED \$3,711,659.00

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

THAT, authority is delegated to the General Manager/CEO to execute Contract Change Orders to the Contract for Construction of South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations, and Systems with Balfour Beatty Rail Inc., Balfour Beatty Infrastructure Inc., Teichert Joint Venture (therein "Contractor") for a total amount not to exceed \$3,711,659.00.

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

THAT, the General Manager/CEO is hereby required to report any single Contract Change Order over \$100,000 to the Board.

PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary