

**STAFF REPORT FOR CALENDAR ITEM NO.: 12
FOR THE MEETING OF: February 9, 2017**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Authorize the Executive Director to execute an amendment to the Professional Services Agreement (Agreement) between the Transbay Joint Powers Authority (TJPA) and URS Corporation (URS) to accommodate increased Program Management/Program Controls (PMPC) services for an amount not to exceed \$5,400,000 (\$4.1 million for Phase 1 and \$1.3 million for Phase 2).

SUMMARY:

A team led by URS has been providing PMPC services to the TJPA for the Transbay Transit Center Program (Program) since 2004 under consecutive agreements executed in 2004 and 2014. Ongoing services include project management, design management, budget and schedule monitoring, risk management, stakeholder and agency coordination, document control, and Program-wide quality assurance/quality control.

In 2014, following a formal procurement process, the TJPA selected URS to continue as the PMPC consultant to the Program. The scope of work and associated compensation of \$38,528,049 submitted by URS in its proposal were reduced during negotiations. The negotiated scope and maximum compensation of \$21,760,000 were based on the PMPC consultant's level of effort to provide the services through December 2017, as the construction closeout effort for Phase 1 could not be accurately estimated at the time, although the formal termination date of the Agreement remained June 2018. The negotiated compensation also included limited work on Phase 2, as the scope of that effort was not known at the time.

PMPC services to complete Phase 1 will be needed through June 2018. Since 2014, the PMPC team has also undertaken essential work for Phase 1 that was not anticipated during negotiations as well as continued support services for Phase 2 that have exceeded the budgeted amount. Additionally, activities required to move Phase 2 forward, including development of a delivery plan and funding plan, were not included in the scope of work negotiated in 2014.

During the development of the currently approved Phase 1 Baseline Budget in 2015, staff recognized that additional PMPC services might be required to complete Phase 1 activities and allocated \$4,400,000 of contingency in the budget for this purpose. To fund the activities related to Phase 2, valued at \$1,300,000, staff is proposing to either use Phase 2 Proposition K funds requested from the San Francisco County Transportation Authority (SFCTA) or other available funding. Amounts spent on Phase 2 will be tracked as part of the current Phase 2 budget.

EXPLANATION:

URS provided PMPC services from November 2004 to June 2014 under a three-term, \$84 million agreement. In July 2013, TJPA issued a new Request for Proposals (RFP) for Program Management/Program Controls Services. In September 2013, a URS-led team, with Hatch Mott MacDonald (now Mott MacDonald), EPC Consultants and others, responded to the TJPA's RFP and was selected to continue in their current role as the TJPA's PMPC consultant. In June 2014, the TJPA Board authorized the Executive Director to execute a new four-year term agreement with URS for a maximum compensation of \$21,760,000.

Services performed under the Agreement are authorized by TJPA staff through the issuance of annual task orders. These task orders establish a detailed scope of work, specify deliverables, establish schedule requirements, and include a detailed resource plan and cost for the work to be performed. They also specify the maximum allowable amount of compensation, including fixed fee. This process facilitates the management of contract expenditures while providing essential program management services to the TJPA. This process also allows the TJPA to tailor the services as the needs and demands of the Program evolve through completion of construction of Phase 1. Compensation for services performed under the Agreement are primarily on a cost reimbursable basis; however, agreed price (lump sum) or time and materials methods of compensation may be used on a limited basis.

The anticipated scope of services and maximum compensation of the new Agreement was focused on the optimum and most efficient level of effort required to complete Phase 1 of the Program, and the fact that the Program's needs and demands had shifted from the design development phase to construction. As noted above, URS proposed a compensation of \$38,528,049 for a four-year term starting July 1, 2014. Staff negotiated the scope, budget, and duration down to \$21,760,000 for a term of three and one-half years ending in December 2017, as at the time the closeout date of the Phase 1 work could not be accurately estimated. This gave the TJPA the flexibility to adjust the detailed scope of work and management organization to respond to the future needs of the Program. The negotiated tasks included some limited support activities for Phase 2 but did not include further development of Phase 2. The negotiated budget included a reduction in fee from 9 percent under the previous agreement to 7 percent, as well as a reduction in the overhead rate, from an average of 116 percent under the previous agreement to 114 percent.

Expanded Services & Maximum Compensation

Since URS began providing services under the Agreement in July 2014, it has become evident that completing the scheduled scope of work for Phase 1 will require URS to expend effort and costs through June 2018, beyond the date originally identified during compensation negotiations. The value of extending the current scope of services for Phase 1 activities from December 2017 through June 2018 is estimated to be \$2,100,000.

In addition, other tasks necessary for the successful delivery of the Program that was not anticipated during the negotiations has been or is currently being delivered by PMPC staff. Examples of additional scope are listed below:

- Additional archeological investigations (approximately \$600,000)
- Additional QA/QC services beyond the original scope (approximately \$630,000)
- Additional risk and vulnerability consulting (approximately \$560,400)
- Additional IT consulting (approximately \$220,000)
- O&M revenue enhancing and Master Lessee procurement consulting (approximately \$325,000)
- Projected coordination and assistance to the Master Lessee for start-up (approximately \$566,000)
- Scope (IT systems procurement) transferred from the CM/GC contract to the PMPC team (approximately \$325,000)

Additionally, PMPC staff has continued to provide ongoing coordination of the Phase 2 scope of work over the past two years. This work involves managing coordination with Caltrain, the California High-Speed Rail Authority, and the City; attending regular stakeholder coordination and technical meetings; sharing technical information; and keeping up with stakeholder projects and activities, including the City's railyard feasibility study. The value of this effort is approximately \$460,000.

There have been fee savings realized on some of the originally contracted scope. The total projected increase in compensation required, based on the six-month extension of services and the added tasks to Phase 1 minus these savings, will have a not-to-exceed value of \$4,100,000.

In June 2016, following a presentation on Phase 2, the TJPA Board directed the Executive Director to move forward with the next steps required to develop a delivery plan and funding plan to bring trains to the Transit Center by the target date of 2025. This work includes completing the 30% Preliminary Engineering drawings, updating the right-of-way cost estimate, updating the ridership study, performing a risk assessment, and updating the Program cost estimate. The additional increase in PMPC's compensation required to complete this effort is \$1,300,000.

The total value for the Phase 1 and Phase 2 services covered by the proposed amendment is \$5,400,000, as follows:

- Phase 1 six month extension of services – \$2,100,000
- Phase 1 additional activities – \$2,000,000
- Phase 2 activities – \$1,300,000

Phase 1 activities will be funded from the Program Reserve in the approved Phase 1 Baseline Budget. As previously referenced, during the development of the budget, \$4,400,000 was set aside in the Program Reserve for augmenting the PMPC contract. The current Program Reserve balance is \$126,692,598. The Program Reserve balance will become \$122,292,598 after this amendment is approved. The Program's Estimate at Completion (EAC) will not change as a result of this amendment, as the additional effort on the part of the PMPC team was contemplated and accounted for in establishing the current Program EAC.

The Phase 2 activities will be funded from either Proposition K funds in the Phase 2 budget or other available funding.

RECOMMENDATION:

Staff recommends that the Board authorize the Executive Director to execute an amendment to the Professional Services Agreement with URS for Program Management/Program Controls services to accommodate increased services for an amount not to exceed \$5,400,000.

ENCLOSURES:

1. Resolution
2. Amendment

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, On July 8, 2013, the Transbay Joint Powers Authority (TJPA) issued a Request for Proposals (RFP) No. 13-02 for Professional Services for a consultant to provide Program Management/Program Controls services for the Transbay Transit Center Program; and

WHEREAS, On September 26, 2013, the TJPA received a proposal by the URS-led team and negotiated a scope of services with URS for a period of three and one-half years at an amount not to exceed \$21,760,000; and

WHEREAS, On June 14, 2014, the TJPA Board of Directors authorized the Executive Director to execute an Agreement for Program Management/Program Controls (PMPC) professional services with URS, in an amount not to exceed \$21,760,000 and a term of four years, with the option to extend the term for two (2) additional three-year periods; and

WHEREAS, Staff anticipates requiring additional services from the PMPC consultant through the term of the Agreement to complete the scheduled scope of work, perform work that was not anticipated during the contract negotiations, and continue ongoing coordination and development of Phase 2, which will require an amendment to the Agreement increasing the compensation by \$5,400,000; now, therefore, be it

RESOLVED, That the TJPA Board of Directors authorizes the Executive Director to execute an amendment to Agreement No. 13-02-PMPC-000 to increase the maximum compensation amount for Program Management/Program Controls professional services with URS, by an amount not to exceed \$5,400,000 (Phase 1 - \$4,100,000; Phase 2 - \$1,300,000).

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of February 9, 2017.

Secretary, Transbay Joint Powers Authority

Amendment No. 02
Agreement No. 13-02-PMPC-000 between
the Transbay Joint Powers Authority and
URS Corporation

This AMENDMENT No. 02 to AGREEMENT 13-02-PMPC-000 is entered into as of February 9, 2017, by and between the TRANSBAY JOINT POWERS AUTHORITY ("TJPA") and URS CORPORATION, a Nevada Corporation, dba URS Corporation Americas (the "Contractor").

By this Amendment No. 02, the TJPA and the Contractor hereby modify Agreement No. 13-02-PMPC-000, dated July 1, 2014 ("Agreement"), only to the extent expressly provided in this Amendment No. 02. All other terms and conditions of the Agreement shall remain in full force and effect.

Recitals

- A. On June 12, 2014, the TJPA Board of Directors adopted Resolution No. 14-016, which authorized the Executive Director to execute an agreement in an amount not to exceed \$21,760,000 for Program Management/Program Controls services by Contractor for a term not to exceed four (4) years from the Effective Date of Agreement (July 1, 2014), and provides that the TJPA shall have the right to extend the Agreement for two (2) additional consecutive three (3) year terms.
- B. The TJPA and the Contractor wish to amend the Agreement to accommodate additional within scope services for the Contractor to perform, thereby increasing the maximum compensation under the Agreement.
- C. The TJPA and Contractor intend that this Amendment No. 02 to the Agreement complies with the regulations of the United States Department of Transportation ("USDOT").

Now, THEREFORE, the parties agree as follows:

Terms and Conditions

Compensation

Article 8.a. of the Agreement, Compensation / Generally, is hereby modified to increase the maximum compensation for work to be performed, as provided below:

The maximum amount payable under this Agreement ("Contract Limit") shall not exceed ~~Twenty One Million Seven Hundred Sixty Thousand Dollars (\$21,760,000)~~ *Twenty-Seven Million One Hundred Sixty Thousand Dollars (\$27,160,000)*. The Contract Limit includes (a) the allowable actual costs of services ("Contract Costs") plus (b) the Contractor's fee for the period of this Agreement ("Contract Fee"). The Contract Costs shall not exceed ~~Twenty Million Two Hundred Sixty Thousand Dollars (\$20,260,000)~~ *Twenty-Five Million Two*

Hundred Fifty-Eight Thousand Eight Hundred Dollars (\$25,258,800) and the Contract Fee shall not exceed ~~One Million Five Hundred Thousand Dollars (\$1,500,000)~~ One Million Nine Hundred One Thousand Two Hundred Dollars (\$1,901,200).

All other provisions of the Agreement shall remain in full force and effect.

The individuals executing this Amendment No. 02 to the Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties hereto have executed this contract Amendment No. 02 on the day first mentioned above.

**TRANSBAY JOINT POWERS
AUTHORITY**

**CONTRACTOR
URS CORPORATION**

Mark Zabaneh
Executive Director

Jon Porterfield
Vice President

Transbay Joint Powers Authority
Board of Directors
Resolution No. _____

URS Corporation dba
URS Corporation Americas
300 California Street, Suite 600
San Francisco, CA 94104
Phone: (415) 896-5858
Tax Identification No.: 94-1716908

Adopted: _____

Attest:

Secretary, TJPA Board

Approved as to Form by:

TJPA Legal Counsel