

**STAFF REPORT FOR CALENDAR ITEM NO.: 11
FOR THE MEETING OF: March 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 (\$3.64 million for Phase 1 and \$1.76 million for Phase 2).

SUMMARY:

This amendment was presented to the TJPA Board of Directors on February 9, 2017. After discussion with staff to gain greater clarity, the Board voted to continue this item until March. Staff was asked to elaborate on the nature of the PMPC services covered by the amendment and the budget for these services. This staff report has been revised accordingly.

As was noted in February, the TJPA selected URS to continue as the PMPC consultant to the Program to provide project management, design management, budget and schedule monitoring, risk management, stakeholder and agency coordination, document control, and Program-wide quality assurance/quality control following a formal procurement process in 2014 (additional details regarding the procurement and contract negotiations are included in the February 9 staff report). 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 awarded in June 2014 were based on the PMPC contract running through December 2017, as the construction closeout effort for Phase 1 could not be accurately estimated at the time, although the formal end date of the Agreement is June 2018. The negotiated compensation also included limited work on Phase 2, as the scope of that effort was not known at the time. In addition to the negotiated scope of services, the PMPC team has undertaken essential work for Phase 1 that was not anticipated during negotiations. Staff recommends increasing the maximum compensation under the Agreement by the following amounts:

- | | |
|---|--------------------|
| • Services through June 2018 (instead of December 2017) | \$2,100,000 |
| • Continued Phase 2 support services | \$1,760,000 |
| • Additional work not anticipated during negotiations | <u>\$1,540,000</u> |
| | \$5,400,000 |

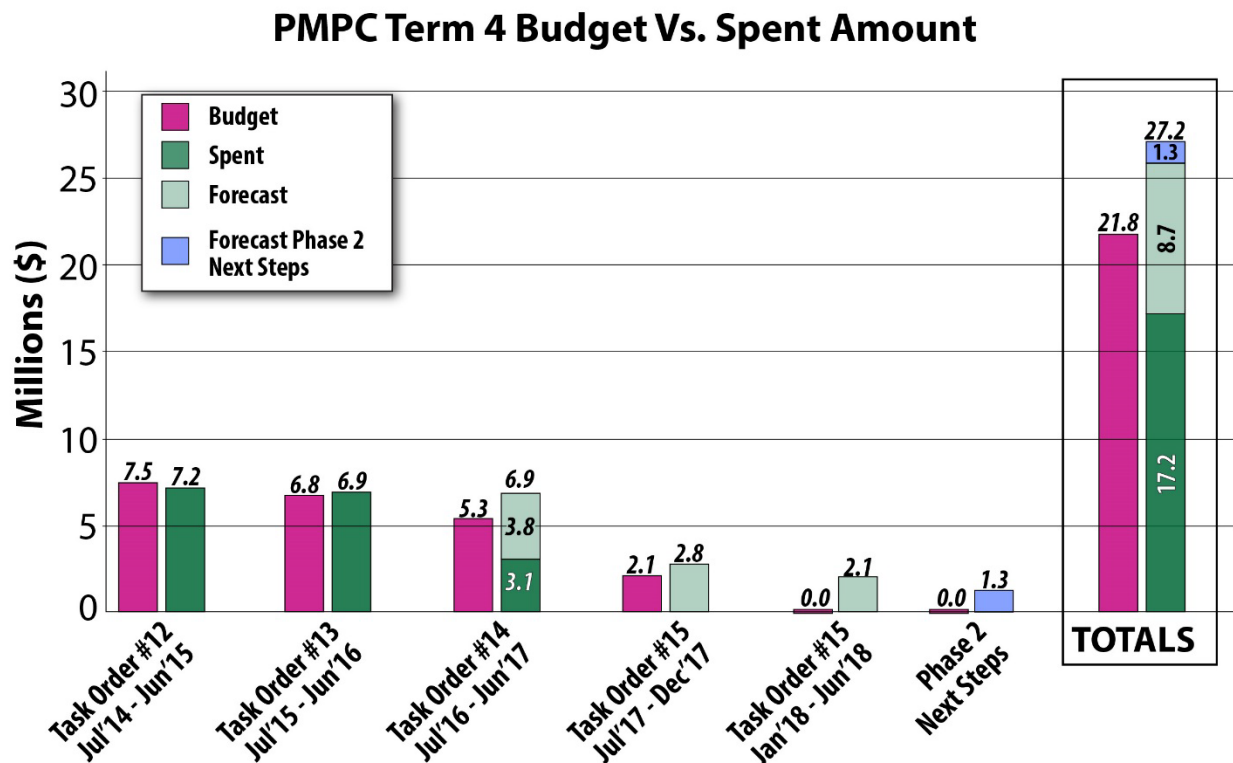
These amounts are described in further detail below. There is \$4.4 million of contingency in the Phase 1 budget earmarked specifically for additional PMPC services; thus, the Estimate at Completion (EAC) will not change as a result of this amendment.

EXPLANATION:

Services performed under the Agreement are authorized by TJPA staff through the issuance of task orders that cover a fiscal year. 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.

In June 2016, at the close of the second task order under the Agreement, staff analyzed the rate of expenditures on PMPC services, confirmed then that services beyond the negotiated scope would be needed, and began preparing an amendment to the Agreement. The figure below shows the rate of expenditures and the forecasted trend by task order. As of December 2016, \$17.2 million of the original \$21.8 million budget has been expended.



Attachment A shows the budget versus expenditures overall.

Regarding the timing of staff's presentation of the amendment to the Board, because the amendment covers some Phase 2 services, the intent was to bring it to the Board after approval of the pending Phase 2 funding request by the San Francisco County Transportation Authority, which was originally anticipated during the third quarter of 2016 but has been repeatedly postponed. When it became clear that the funding request would not be addressed in 2016, staff scheduled presentation of the amendment on the TJPA Board calendar.

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, URS proposed a compensation of \$38,528,049 for a four-year term from July 1, 2014, through June 30, 2018. 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 work to support further development of Phase 2 as envisioned in the Phase 2 Preliminary Engineering update presented to the Board last year. 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.

Continuation of Negotiated Services

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 incur costs beyond the December 2017 date originally identified during compensation negotiations. The value of extending the current scope of services for Phase 1 activities from December 2017 through the term of the Agreement, June 2018, is estimated to be \$2,100,000.

Additional Phase 1 Services Performed or Required

In addition, other essential tasks that were not anticipated during negotiations have been or are currently being delivered by the PMPC team. These essential tasks primarily are summarized in the table below and described in the sections that follow. There have been fee savings realized on some of the originally contracted scope (as shown in the table), bringing the total projected increase in compensation required for the additional Phase 1 services described to a not-to-exceed value of \$1,540,000.

	Budget	Expended	Forecast	Budget less Forecast
Additional Archaeological Investigations	\$338,677	\$188,236	\$971,285	(\$632,608)
Additional Quality Assurance/Quality Control	\$1,208,924	\$1,229,876	\$1,636,066	(\$427,142)
Additional Safety & Security Consulting	\$462,510	\$922,070	\$1,000,667	(\$538,157)
Additional Information Technology Consulting	\$68,437	\$163,579	\$596,707	(\$528,270)
Operations Revenue/Master Lease/Asset Manager	\$0	\$304,907	\$325,000	(\$325,000)
Asset Manager Procurement/Start-up	\$0	\$0	\$560,000	(\$560,000)
Subtotal Additional Phase 1 Services	\$2,078,548	\$2,808,668	\$5,089,725	(\$3,011,177)
Development of Policies & Procedures	\$1,142,129	\$687,261	\$936,233	\$205,896
Program/Project Controls	\$3,951,445	\$2,229,092	\$2,843,814	\$1,107,631
Other Technical Management & Admin Support Groups	\$14,435,263	\$11,179,754	\$14,277,614	\$157,649
Total	\$21,607,385	\$16,904,775	\$23,147,385	\$1,540,000

Additional archeological investigations

Staff budgeted aggressively for archaeology, anticipating that the actual effort would be less than the PMPC consultant's estimate, which was conservative at that time. The additional level of effort required to complete archaeological investigations is explained below:

- The discovery of human remains on the project site in early 2014 was not accounted for in the planning for archaeological investigations. Because of the on-going construction in this area and the need to avoid delaying the project, the archaeologists prepared and obtained approval for an expedited treatment plan for this unique and unexpected discovery. At the time, the archaeologist estimated the cost to excavate, analyze, and report on the remains at about \$30,000. But negotiations with the most likely descendant (MLD) over the handling of the remains and the analysis that could be performed involved far greater effort than anticipated. Negotiations with the MLD over the remains lasted nearly a year and a half and involved over \$100,000 in expenditures. Archaeological work related to the human remains was completed in 2015.
- The Bus Ramp archaeology effort was more extensive than expected. At the time the budget was developed, staff anticipated that the work in this area would be minimal, particularly around the Sterling Street Substation, due to extensive grading operations during the construction of the Bay Bridge approaches from 1935 to 1936. However, the State (Caltrans) required a more extensive scope of work. Archaeological work for the Bus Ramp was completed in 2014.
- During the construction of the West Approach Seismic Safety Project, Caltrans identified several archaeologically sensitive areas on the northeastern portion of the Bus Storage site but later removed them from consideration because of the assessment that these areas were most likely disturbed by past development. At the time the archaeology budget was developed, TJPA staff anticipated these areas would require minimal investigations based on this information. The signatories to the Section 106 Memorandum of Agreement (MOA), however, approved full archaeological investigations of these areas, and the current proposed fee is based on the worst-case scenario of discovering significant finds. Archaeological investigations are currently underway.

Additional Quality Assurance/Quality Control (QA/QC) services

Staff originally anticipated that the QA/QC effort would be less than its current level. However, based on the continued QA/QC and inspection issues related to construction of the new Bay Bridge, the level of Program quality assurance oversight was increased. This work includes:

- Increased documented field surveillance of high-risk work elements, especially as civil and structural construction neared completion and more specialty contractors continued to be engaged on the project.
- Increased work associated with reviewing and approving contractor quality control plans and procedures, as many trade subcontractors have shown a lack of fluency in the federal requirements; this resulted in the implementation of an ongoing audit schedule and plan to verify and document compliance with the Program Quality Management System and Federal Transit Administration guidelines.

- Increased oversight of the Construction Manager/General Contractor (CM/GC) and its suppliers through formal audits.

Additional safety and security consulting

Value engineering on the Transit Center construction documents resulted in numerous changes to the design, affecting many design elements, including all of the glazing, exterior wall and skylight systems, the majority of ceiling and exterior soffit systems, and certain mechanical and electrical systems. Additional security consulting ensured that the design changes conformed to the safety and security design guidance criteria developed as part of the Risk and Vulnerability Assessment. This work involved the review of bidder questions and requests for information related to security during bidding, and review of design change requests and architect's supplemental instructions that affected security during construction.

Development of the Safety and Security Concept of Operations (ConOps) was also a significant effort undertaken between 2014 and 2016 that required the involvement of the TJPA's safety and security consultants. This work consisted of managing development of the ConOps, including the development of a security staffing plan. Security experts also undertook additional benchmarking and participated in the vetting of the proposed security staffing plan by the San Francisco Sheriff, San Francisco Police Department (SFPD), Mayor's Office, and American Public Transportation Association. They have coordinated with these entities as well as with the San Francisco Fire Department (SFFD) and stakeholder transit agencies on the development of the remainder of the ConOps.

Ongoing safety and security consulting is currently informing the operations planning effort to ensure that the ConOps are properly implemented. This work includes:

- Drafting a request for proposals to procure contract security guard services, consulting on a draft memorandum of understanding with the San Francisco Sheriff, and assisting with activities to hire the TJPA Chief Security Officer
- Assisting with development of the safety and security requirements for the Facility Manager
- Developing and coordinating rules and regulations for security of the Rooftop Park

The TJPA's security consultants have also been supporting the following ongoing safety and security-related work:

- Security coordination with 181 Fremont and the Salesforce Tower, including attending monthly security meetings and reviewing the projects' monthly reports, bridge connections to the Transit Center, and ConOps
- Development/review of Parcel F security requirements incorporated into the security agreement between the Parcel F developers and the TJPA
- Coordination with the San Francisco Office of Community Investment and Infrastructure regarding safety and security design requirements for the Under Ramp Park

- Identification of eligible scope for grant applications under the federal Transit Security Grant Program and assistance with completing applications
- Consultation to staff regarding terrorism risk insurance, the SAFETY Act, and cybersecurity
- Coordination with the Department of Homeland Security's Bay Area BioWatch Committee to support implementation at the Transit Center

Additional Information Technology (IT) consulting

The PMPC team has provided subject matter expertise and represented the TJPA in coordination meetings with the design team and contractors for the “Phase 1.5” IT work—the data network; emergency distributed antenna system (DAS); cellular DAS; audio visual systems; CBR (chemical/biological/radiation) detection systems; and the physical security information management (PSIM), emergency communications, and mass notification systems (ECS/MNS). This work included:

- Assisting the TJPA in interpreting and evaluating alternative design proposals for the Phase 1.5 elements from two consultants
- Evaluating value engineering recommendations to reduce the costs of IT systems
- Drafting IT operational policies and procedures; evaluating processes for responding to network outages
- Providing decision support on the cellular DAS, phone, and Internet procurement process, and email hosting

Development and procurement of the PSIM and ESC/MNS was transferred from the CM/GC to the PMPC team, resulting in savings in CM/GC Pre-Construction. This work included:

- Assisting with development of the procurement documents and assisting with the bidding process (reviewing bidder questions, issuing addenda, etc.)
- Coordinating with SFPD, SFFD, San Francisco Sheriff, Department of Emergency Management, the transit operators, the PSIM and ESC/MNS integrator, and others to develop the rules and program the PSIM and ECS/MNS software

O&M revenue enhancing and Master Lessee/Asset Manager procurement consulting

The level of effort required to develop the procurement documents for the Asset Manager and to understand the value of advertising, sponsorships, and events (promotional platform), and naming rights was not reflected in the 2014 negotiated budget. This work involved engaging consultants with specialized expertise:

- Premier Partnerships, for naming rights and sponsorship valuation
- Sensory Interactive, for promotional platform, digital signage, advertising, and sponsorship

- ISES, the TJPA’s operations and maintenance (O&M) consultant, for additional O&M studies

Projected coordination and assistance to the Master Lessee/Asset Manager for start-up:

Similarly, work required to bring the Asset Manager on board to assist with the transition to operations was not anticipated during the 2014 negotiations. This work involves:

- Overall assistance with the procurement and integration of the Asset Manager into the Program (to expedite revenue generation)
- Assisting with the hiring of a Facility Manager
- Once the Asset Manager is contracted, assisting with the procurement of tenant improvement contractors and furniture, fixtures and equipment
- Reviewing and approving all tenant improvements for compliance with TJPA design standards
- Assisting with permitting and coordination with authorities having jurisdiction
- Assisting with coordination with the transit agencies, security entities, and other stakeholders

Phase 2 Services

Ongoing coordination of the Phase 2 scope of work over the past two years has involved managing coordination with Caltrain, the California High-Speed Rail Authority, and the City; attending regular stakeholder coordination and technical meetings; sharing technical information; keeping up with stakeholder projects and activities, including the City’s railyard feasibility study and work associated with the Supplemental Environmental Impact Statement/Environmental Impact Report. There was \$152,615 budgeted for this on-call type work in the Agreement; the forecast final expenditure is \$612,615, for a delta of \$460,000, with \$290,320 expended to-date.

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.

In summary, the total value for the Phase 1 and Phase 2 services covered by the proposed amendment is as follows:

Phase 1 additional tasks	\$1,540,000
Phase 1 extension of services through June 2018	\$2,100,000
Subtotal	\$3,640,000
<u>Phase 2 services</u>	<u>\$1,760,000</u>
Total	\$5,400,000

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 \$125,103,878. (This balance assumes the Bus Storage Facility Construction Contract award.) The Program Reserve balance will be \$121,463,878 after this amendment is approved. The Program's 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.

At the February meeting, the Board noted that the current construction schedule shows completion of the Bus Storage facility occurring after June 2018. Staff plans to accelerate construction of the Bus Storage facility as much as possible and will bring a plan to the Board once the need for PMPC services beyond June 2018 has been assessed.

RECOMMENDATION:

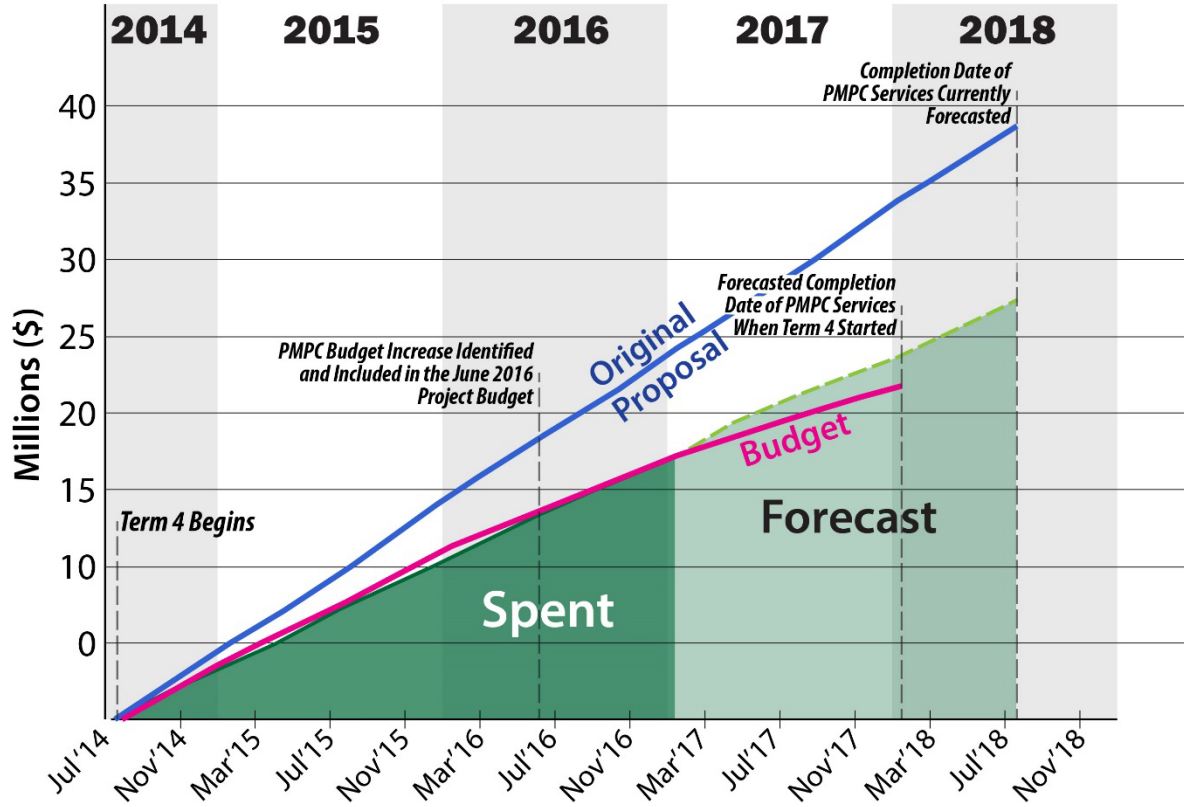
Authorize the Executive Director to execute an amendment to the Professional Services Agreement (Agreement) between the Transbay Joint Powers Authority and URS Corporation for Program Management/Program Controls services to increase the compensation amount by \$3.64 million for additional Phase 1 services and the extension of Phase 1 services through June 2018 and \$1.76 million for Phase 2 services.

ENCLOSURES:

1. Attachment A, PMPC Term 4 Budget vs. Spent Amount
2. Resolution
3. Amendment

Attachment A

PMPC Term 4 Budget Vs. Spent Amount



**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; and

WHEREAS, Staff anticipates requiring additional services from the PMPC consultant through the term of the Agreement, June 2018, 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 through June 2018—\$3,640,000; Phase 2—\$1,760,000).

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of March 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 March 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 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) 796-8100
Tax Identification No.: 94-1716908

Adopted: _____

Attest:

Secretary, TJPA Board

Approved as to Form by:

TJPA Legal Counsel