Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

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EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 20, 2016

SUBJECT: METRO EXPRESSLANES OPERATION AND MAINTENANCE

ACTION: AUTHORIZE THE CHIEF EXECUTIVE OFFICER (CEO) TO EXERCISE CONTRACT OPTION AND MODIFY CONTRACT

RECOMMENDATION

CONSIDER:

A. AUTHORIZING the Chief Executive Officer (CEO) to exercise Option 4.4, Additional Year of Operation and Maintenance (O&M) - Year 4, Modification No. 71 for Contract No. PS0922102333 with **Atkinson Contractors, LP (Atkinson) for Metro ExpressLanes Operation and Maintenance** in the amount of $3,096,000, increasing the total Contract price from $136,236,656 to $139,332,656.

B. AUTHORIZING the CEO to execute Contract Modification No. 72 for additional **O&M Support Costs** for Option Year 4 in the amount of $12,636,000, increasing the total contract price from $139,332,656 to $151,968,656.

C. AUTHORIZING the CEO to negotiate and execute Contract Modification No. 73 for **Additional Transponders** in the amount not-to-exceed $12,200,000, increasing the total contract price from $151,968,656 to $164,168,656; and

D. APPROVING an increase in Contract Modification Authority (CMA) for Contract No. PS0922102333, to Atkinson in the amount of $29,216,913 increasing the total CMA from $78,138,041 to $107,354,954 to cover the costs of the recommended Contract Modifications above, and any pending and future changes listed in the Contract Modification/Change Order Log (Attachment C).

ISSUE

In December 2010, Atkinson was awarded a Design, Build, Operate and Maintain (DBOM) contract for the Metro ExpressLanes project that included all activities needed to implement and operate the ExpressLanes through the demonstration period. The DBOM contract included various options including five, one year options for operation and maintenance beyond the demonstration period, but none of these was authorized at the time of contract award. The exercising of the third of the one-

year options was approved by the Board on December 3, 2015 and expires on February 23, 2017.

The ExpressLanes continue to be a successful program with over 512,000 accounts opened and 600,000 transponders distributed since opening in November 2012. To continue the operation of the ExpressLanes, staff is asking the Board to approve exercising the fourth of the five, one-year options to extend O & M to February 23, 2018.

DISCUSSION

Recommendation A: Additional Year of O & M

Staff is currently working on new specifications for ExpressLanes O & M services. The Requests for Proposals (RFPs) are scheduled to be advertised in early 2017. Until we are in a position to execute new contracts for these services, it will be necessary to continue to execute the existing Option Years in the current contract. Since Option Year Three will expire in February 2017, staff is requesting Board authorization to enter into the fourth of the five, one-year options for O & M to continue to operate and maintain the Metro ExpressLanes.

Recommendation B: Additional O & M Support

The recommended funding action is required due to the successful launch of the ExpressLanes and includes many activities driven mainly by customer and non-customer demand - additional account support for new accounts, costs for mailing of customer correspondence and violations and fees related to the processing of payments.

The base O & M contract for the ExpressLanes includes customer service related activities for up to 100,000 transponders, which was the target for the demonstration period. However, there are currently in excess of 600,000 transponders in circulation exceeding all expectations for the program and requiring more effort related to customer service than originally included in the base contract. The distribution of additional transponders results in establishment of new accounts that requires order fulfillment and additional contractor staffing support to service these accounts. Servicing activities include answering calls, handling correspondence, responding to customer inquiries, postage, and processing transactions.

Correspondingly, the success of the Metro ExpressLanes has increased violation processing beyond the original contract numbers, generating additional costs associated with license plate image processing, postage and mailing, phone services, and responding to online inquiries.

In addition, resources will continue to be needed for the maintenance of the tolling equipment and real-time traffic monitoring utilizing “EarthCam” cameras and staffing of the Traffic Management Center for incident management and monitoring of all toll-related systems. The Contract Modification in Recommendation B addresses this additional operational support required to operate and maintain the ExpressLanes through the balance of O & M Option Year 4.

Recommendation C: Additional Transponders

Since there continues to be steady growth in transponder distribution at a rate of 10,000 to 12,000 transponders issued per month, additional funds will be required to purchase transponders for new accounts. In addition, since the useful life of a transponder is approximately 5 years, funds are needed to purchase transponders to replace those that have been in circulation since the opening of the ExpressLanes. Over the next 12 to 18 months we expect to replace more than 250,000 transponders. The recommended funding action ensures that the supply of transponders continues to be sufficient to fulfill customer orders, replace existing aging transponders, and keeps us in the queue for manufacturing which requires a long lead item.

Recommendation D: Additional CMA
The additional CMA request of $29,216,913, when combined with previous Board Approved CMA remaining, will be used to authorize Recommendations A, B and C (O & M Option Year Four, associated O & M Support Costs and Additional Transponders) as well as additional pending Modifications.

The request for authorization to increase the CMA will serve as a management tool for staff to issue contract modifications to compensate the contractor for additional costs incurred for the completion of the above services.

To ensure there is no interruption in O & M services, staff requests authority be granted to the CEO to execute a Contract Modification for the additional O&M support costs for Option Year 4.

DETERMINATION OF SAFETY IMPACT

Approval of these recommendations will improve safety for Metro ExpressLanes patrons.

FINANCIAL IMPACT

Because this is a multi-year program, the cost center manager and Executive Officer, Congestion Reduction will be responsible for budgeting the remaining CMA in future years.

Impact to Budget

The funding for this action will come from toll revenues generated from the Metro ExpressLanes operation. No other funds were considered for this activity.

ALTERNATIVES CONSIDERED

The Board may decline to approve the recommended actions. This is not recommended as staff cannot immediately re-procure a new contractor to operate and maintain the ExpressLanes and ensure uninterrupted operations. Additionally, this will most likely require re-negotiation of all rates under the existing contract and result in higher costs.

NEXT STEPS

Upon Board approval of the Recommendations, staff will take the necessary steps to amend the

budget, notify the contractor of the exercising of Option Year Four for O & M and execute all required Contract Modifications.

ATTACHMENTS

A. Procurement Summary
B. Contract Modification Authority Summary
C. DEOD Summary

Prepared by: Joe O'Donnell, Director, (213) 922-7231
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Reviewed by: Debra Avila, Chief, Vendor/Contract Management Officer, (213) 418-3051
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Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

PROCUREMENT SUMMARY

METRO EXPRESSLANES OPERATIONS AND MAINTENANCE

1.	**Contract Number**: PS092210233			
2.	**Contractor**: Atkinson Contractors, LP			
3.	**Mod. Work Description**: Exercise Option 4.4: Additional Year of O&M - Year 4; Additional O&M Support Costs for Option Year 4; Additional Transponders			
4.	**Contract Work Description**: Design, Build, Operate and Maintain the Metro ExpressLanes			
5.	**The following data is current as of**: September 6, 2016			
6.	**Contract Completion Status**:			
	Bids/Proposals Due:	8/31/10	**% Completion $s**:	86.4%
	Contract Awarded:	12/16/10	**% Completion time**:	97%
	NTP:	01/11/11	**Original Contract Days**:	990
	Original Complete Date:	09/28/13	**Change Order Days**:	1,244
	Current Est. Complete Date:	02/23/16	**Suspended Days:**	0
			Total Revised Days:	2,234
7.	**Financial Status**:			
	Contract Award:			$72,363,702
	Total Contract Modifications Approved:			$63,872,954
	Current Contract Value:			$136,236,656
	Contract Administrator: Joe O'Donnell		**Telephone Number**: 213-922-7231	
8.	**Project Manager**: Shahrzad Amiri		**Telephone Number**: 213-922-3061	

A. Contract Action Summary

This Board Action is to approve Contract Modification No. 71 issued in support of Contract Option 4.4: Operations and Maintenance of the ExpressLanes - Year 4, Contract Modification No. 72, for Additional O&M Support Costs for Option Year 4, and Contract Modification No. 73, for Additional Transponders.

These Contract Modifications will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed priced price.

On December 16, 2010, Contract No. PS0922102333 was awarded to Atkinson Contractors, LP in the amount of $72,363,702, to Design, Build, Operate and Maintain the Metro ExpressLanes Project.

Attachment B shows that 66 Contract Modifications/change orders have been issued to date to add and/or delete work, and shows the exercise of Option Years 1 through 3 for Operations and Maintence. Nine Contract Modifications are currently pending or in negotiations.

The recommended Contract Modifications are for a totoal amount of $27,933,000.

B. Cost/Price Analysis

The recommended price for Contract Modification No. 71 is at the amount originally bid for Option Year 4. A market survey was performed that confirmed the Option price is fair and reasonable.

The recommended price for Contract Modification No. 72 has been determined to be fair and reasonable based upon an independent cost estimate, cost analysis, technical evaluation, fact finding, and negotiations. An audit of Option Year 3 rates was conducted and found no issues with those additional O&M support costs. The Contractor has agreed to maintain all Option Year 3 rates for Option Year 4, except those that were increased due to collective bargaining agreements, therefore it was determined and agreed with MASD that an audit of the proposed amount for Option Year 4 was not necessary.

The amount shown for Contract Modification No. 73, is a not-to-exceed amount for additional transponders. A pre-negotiation plan is prepared. The final value for this Modification will be determined, based unit prices, to be fair and reasonable based upon an independent cost estimate, cost analysis, technical evaluation, fact finding, and negotiations.

Mod No.	Changes	Proposal amount	Metro ICE	Negotiated or NTE amount
71	Additional Year of O&M – Option Year 4	$3,096,000	N/A*	$3,092,000
72	Additional O&M Support Costs for Option Year 4	$12,636,920	$12,593,590	$12,636,000
73	Additional Transponders	N/A*	N/A*	$12,200,000

* Mod. No. 71 price was a bid rate. Mod. No. 72 pricing is based OY3 rates with affected rates escalated per 2016 collective bargaining agreements. Pricing for Mod No. 73 is an estimated NTE amount.

ATTACHMENT B

CONTRACT MODIFICATION AUTHORITY (CMA) SUMMARY

METRO EXPRESSLANES OPERATIONS AND MAINTENANCE

Mod. No.	Description	Status (Approved or Pending)	Contract Value (A)	Mods	Board Approved CMA (C)
N/A	**Initial Award**	**Approved**	**$72,363,702**		**$7,236,370**
1	Exercise Options 1 and 2	Approved		$4,250,000	
2	Admin Modification of Audit Requirements	Approved		$0	
3	Install Fiber Cables & Splice Vaults on I-110	Approved		$470,487	
4	Toll System Digital Visual Aids	Approved		$65,100	
5	Modification to Field Office	Approved		$3,228	
6	Drainage Improvements on I-110 (Const.)	Approved		$1,867,000	
7	Exercise Option 3	Approved		$2,475,000	
N/A	Board Approved CMA Increase (1/12)	Approved			$11,592,445
8	Construction of Divider Wall	Approved		$821	
9	Drainage Improvement on I-110 (Design)	Approved		$234,440	
10	Harbor Gateway Transit Center	Approved		$0	
11	Retail Transponder Sales	Approved		$347,854	
12	Differing Site Condition – CIDH Pile Install.	Approved		$384,768	
13	Modified Striping for Toll Lanes	Approved		$607,964	
14	Audible and Visible Warning System	Approved		$316,334	
15	Adams Blvd/Flower St. OCS (Construction)	Approved		$80,061	
16	DSC – CIDH Piles Along I-10 Fwy	Approved		$78,448	
17	Retail Packaging for Add'l Transponders	Approved		$337,500	
18	Additional Design Support	Approved		$137,879	
19	Rehabilitation of I-10 Shoulder	Approved		$633,414	
20	Perforated Steel Pipe	Approved		$160,276	
21	Temporary Customer Service Center	Approved		$193,383	
22	Closure of Patsaouras Plaza Ramps	Approved		$69,524	
23	Modify Conflicting Expo Signs	Approved		$25,508	
24	Metro's TAP Interface Program	Approved		$25,734	
25	I-10 Traffic Loops	Approved		$126,598	
26	Additional Traffic Monitoring Support	Approved		$957,186	
27	Additional Video Cameras	Approved		$726,288	
28	Adams Blvd/Flower St. OCS (Design)	Approved		$59,331	
29	Mobile Van Retail Unit/Extended Hours	Approved		$50,000	
30	Additional Barrier Markers	Approved		$39,128	
31	Toll System Software Modifications for Grace Period	Approved		$9,724	
32	Release of Additional Transponders	Approved		$450,000	
33	Mailing Costs	Approved		$450,000	
34	Additional Account Support	Approved		$1,000,000	
35	Contract Milestone Revision	Approved		$2,749,778	
N/A	Board Approved CMA Increase (9/13)	Approved			$2,335,035
36	Reduction of Provisional Sum Line Items	Approved		($2,147,709)	
38	Add'l Transponders Option 3 and Retail Packaging	Approved		$459,375	
39	Additional Contaminated Material	Approved		$150,000	
40	Additional Mailing Costs	Approved		$1,000,000	

41	Additional Static and Digital Messaging Signs	Approved		$432,463	
42	Permanent. Redundant Fiber Comm Network	Approved		$341,738	
43	Digital Messaging Sign at Santa Anita	Approved		$481,827	
CO12	Additional Computer Programming	Approved		$250,000	
CO13	Credit Card Transaction Costs	Approved		$270,000	
44	Exercise Option 4.1, Add'l Year of O&M – Year 1	Approved		$3,024,000	$3,024,000
45	Additional Account Support for Option Year 1	Approved		$2,900,000	$2,900,000
46	Add'l Transponders Option 3 and Retail Packaging	Approved		$1,350,000	$1,350,000
47	Additional Mailing Costs - Option Year 1	Approved		$1,700,000	$1,700,000
N/A	Board Approved CMA Increase (2/14)	Approved			$1,254,862
48	Interface Configuration Document	Approved		$35,924	
49	Additional TMO Labor - Option Year 1	Approved		$445,000	
50	Additional Marketing Support – Option Year 1	Approved		$304,399	
52	Additional Credit Card Transaction Fees – Option Year 1	Approved		$300,000	
53	Additional Violations Processing Beyond Base Contract	Approved		$750,000	$750,000
54	Additional Transponders – Option Year 1	Approved		$432,000	
55	Exercise Option 4.2, Add'l Year of O&M – Year 2	Approved		$3,048,000	$3,048,000
56	Additional O&M Support Costs for Option Year 2	Approved		$6,717,874	$6,717,874
57	Additional Transponders and Retail Packaging	Approved		$4,999,986	$4,999,986
60	Replacement of Pavement Stencils and Striping and New Delineators on I-10/I-110	Approved		$1,708,334	$1,708,334
62	Add Funds for Additional Violation Processing and Violation Credit Card Fees	Approved		$605,000	
63	Exercise Option 4.3, Add'l Year of O&M – Year 3	Approved		$3,072,000	$3,072,000
64	Additional O&M Support Costs for Option Year 3	Approved		$10,383,408	$10,383,408
N/A	Board Approved CMA Increase (12/15)	Approved			$507,655
66	Preliminary Design for Additional Toll Sites, Signage, Improvements	Approved		$157,043	
67	Additional Funding for Operations Support Costs	Approved		$900,000	
68	Marketing Data Analysis	Approved		$90,470	
69	Earthcam Permanent Locations	Approved		$250,622	
70	New CHP Beacon Light System - Design	Approved		$78,444	
			Subtotal (Approved)	**$63,872,954**	**$62,579,969**
58	Replacement and Additional Static Message and Dynamic Message Signs for I-10/I-110 and I-105	In-Process		$2,650,000	$2,650,000
59	New Toll Gantries	In-Process		$2,500,000	$2,500,000
65	Additional Transponders and Retail Packaging	In-Process		$3,240,000	$3,240,000
			Subtotal (In-Process)	**$8,390,000**	**$8,390,000**
71	Exercise Option 4.4, Add'l Year of O&M – Year 4	Recommended		$3,096,000	

72	Additional O&M Support Costs for Option Year 4	Recommended		$12,636,000	
73	Additional Transponders	Recommended		$12,200,000	
		Subtotal (Recommended)		**$27,932,000**	
61	Pavement Markings, Signage and Tolling Equipment at I-710/I-10 Interchange	Pending		$2,250,000	$2,250,000
TBD	Upgrade all CHP Gantry Enforcement Lights - Construction	Pending		$300,000	
TBD	Maintenance of Additional Tolling Equipment and DMS	Pending		$260,000	
TBD	Additional Bond and Insurance Costs	Pending		$250,000	
TBD	Unforeseen Potential Changes	Pending		$3,900,000	**$3,900,000**
TBD	Modification of Toll System Software for New & Replacement Sensys Equipment and Informational Dashboard	Pending		$200,000	
			Subtotal (Pending)	**$7,160,000**	**$6,150,000**

Subtotal - Approved Modifications			$63,872,954	
Subtotal - In-Process Modifications			$8,390,000	
Subtotal - Recommended Modifications			$27,932,000	
Subtotal - Pending Changes/Modifications			$7,160,000	
Total Modifications and Pending Changes			$107,354,954	
Total Contract Value (including Approved, In-Process, Recommended and Pending Modifications)		$179,718,656		
Board Approved CMA (C)				$78,138,041
Requested CMA – Total Modifications and Pending Changes ($107,354,954, minus Board Approved CMA, $78,138,041)				$29,216,913

DEOD SUMMARY

METRO EXPRESSLANES OPERATION AND MAINTANANCE

A. Small Business Participation

This Contract, funded by the Federal Highway Administration, falls under the Caltrans Underutilized Disadvantaged Business Enterprise Program (UDBE) requirements. Atkinson Contractors, LP (Atkinson) made a 16.20% UDBE, and a 1.87% DBE (race neutral) commitment. Atkinson is exceeding its commitment with current UDBE participation of 16.56%, and DBE participation of 2.40%. UDBE and DBE participation covers Design, Civil, and Operation & Maintenance work.

SMALL BUSINESS COMMITMENT	16.20% UDBE 1.87% DBE	SMALL BUSINESS PARTICIPATION	16.56% UDBE 2.40% DBE

UDBE Subcontractors	Commitment	Participation
1. MARRS Corp (Design)	0.18%	0.11%
2. Lin Consulting (Design)	1.20%	0.77%
3. Abratique & Assoc. (Civil)	0.16%	0.07%
4. SafeProbe (Civil)	0.27%	0.43%
5. G&C Equipment Corp (Civil)	4.02%	4.12%
6. Mariman Security (Civil)	0.35%	0.48%
7. Davis Blue Print Co. (Civil)	Added	0.01%
8. Payco Specialties (Civil)	1.19%	1.17%
9. Fine Grade Equipment (Civil)	1.82%	1.92%
10. American Steel Placers (Civil)	0.79%	0.60%
11. DNS Solutions (Civil)	0.07%	0.04%
12. R.J. Lalonde (Civil)	Added	0.01%
13. Ace Fence (Civil)	0.28%	0.23%

14. Sequoia Consultants (Civil)	Added	0.18%
15. Rivera Trucking (Civil)	Added	0.24%
16. JC Supply & Manufacturing (Civil)	Added	0.07%
17. TEC Management Consultants (Civil)	0.19%	0.19%
18. G&F Concrete	0.14%	0.28%
18. E-Nor Innovations (Civil)	Added	0.05%
19. G&C Equipment (O&M)	5.30%	4.64%
20. G&C Equipment/Xerox (O&M)	Added	0.43%
21. Noble Insight (O&M)	0.24%	0.52%
Total	**16.20%**	**16.56%**

DBE Subcontractors	**Commitment**	**Participation**
1. Intueor Consulting (Design)	0.65%	0.39%
2. Diaz Yourman Assoc. (Design)	0.19%	0.19%
3. Seville Construction (Civil)	1.03%	1.82%
Total	**1.87%**	**2.40%**

B. <u>Project Labor Agreement / Construction Careers Policy (PLA/CCP)</u>

Project Labor Agreement/Construction Careers Policy is not applicable to this contract because the Contract was awarded prior to the Metro approved PLA.

C. <u>Prevailing Wage Applicability</u>

Prevailing Wage requirements are applicable to this project. DEOD will continue to monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

D. <u>Living Wage / Service Contract Worker Retention Policy Applicability</u>

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.