

**Board Report**

File #: 2018-0536, **File Type:** Contract**Agenda Number:** 11.

**AD HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE
NOVEMBER 14, 2018****SUBJECT: METRO EXPRESSLANES CONTINUING OPERATIONS****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute Modification No. 78 for Operation and Maintenance (O&M) - Year 6 (from February 24, 2019 to February 29, 2020), for up to one year, for Contract No. PS0922102333 with Atkinson Contractors, LP (Atkinson) for Metro ExpressLanes Operation and Maintenance in the amount of \$18,655,393; increasing the total contract price from \$185,669,328 to \$204,324,721.

ISSUE

In December 2010, Atkinson was awarded a Design, Build, Operate and Maintain (DBOM) contract for the Metro ExpressLanes project that included activities needed to implement and operate the ExpressLanes through the demonstration period, and if successful, up to five option years could be considered at the appropriate time. The demonstration period was deemed a success and legislation was passed authorizing Metro to operate the I-10 and I-110 ExpressLanes without a sunset date. The fifth of the five, one-year options was approved by the Board on January 25, 2018. Staff is requesting authorization for up to one additional final year (Year 6) to allow for continued operations of the current system while the new Board approved systems complete design, data migration, development and integration.

DISCUSSION**Recommendation A: Additional Year of O&M**

The development of scopes of work for the three new contracts to replace the existing contract took longer than anticipated given the complex nature of tolling systems. As a result, it has become necessary to extend the existing contract. To that end, staff has been working collaboratively with Atkinson to extend the existing contract for an additional year (Year 6) to allow for continued and seamless operation of the ExpressLanes while the new system is under design, development, data migration, integration and testing.

The current Operation and Maintenance year (Option Year 5) of the ExpressLanes Contract expires in February 2019. Staff is requesting Board authorization to execute Modification No. 78 to continue ExpressLanes Operations and Maintenance (Year 6) until February 29, 2020.

There are currently over 872,000 transponders in circulation with an average increase of between approximately 130,000 to 150,000 new transponders issued per year based on the latest data. The continued distribution of transponders results in establishment of new accounts that require order fulfillment and contractor staffing support to service these accounts. This Modification will enable account servicing activities which include answering calls, handling correspondence/online inquiries, responding to customer inquiries, postage, and processing of all transactions to continue.

Additionally, the Contractor will continue to provide resources to maintain the tolling equipment in the field 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 A addresses these operational support services required to operate and maintain the ExpressLanes through February 2020.

The recommended cost is based upon a reasonable escalation from previous years with the overall cost proposal remaining consistent with the costs approved by the Board for Option Year 5. The budgetary impact from this authorization will be reduced by approximately \$7 million, which is the total of previous Modification amounts that were authorized, but never incurred by the Contractor. The final budget savings from the previous authorizations never incurred will be determined when Option Year 5 has concluded in February 2019.

Congestion Reduction staff is working with DEOD and the contractor to submit a mitigation plan to meet the goal by increasing DBE scope beyond what is listed in the DEOD summary.

The department is committed to the small business program at Metro. In previous Board approved contracts, the commitment was either an evaluation criterion or the awarded contract exceeded SBE commitments in the RFP.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding for this Modification is included in the FY19 budget for cost center 2220. Because this is a multi-year program, the Executive Officer of the Congestion Reduction Department will be responsible for budgeting in future years.

Impact to Budget

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

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of the recommended action is consistent with Metro Strategic Plan Goal 1: providing high-quality mobility options that enable people to spend less time traveling. The ExpressLanes provide more reliable and faster travel options to Los Angeles County Residents.

ALTERNATIVES CONSIDERED

The Board may decline to approve the recommended actions. This is not recommended since without an O&M contract, daily operations of the ExpressLanes could not continue.

NEXT STEPS

Upon Board approval, staff will execute Modification No. 78 for Year 6 and will continue work on the design and integration of the new systems slated for implementation prior to the conclusion of this contract.

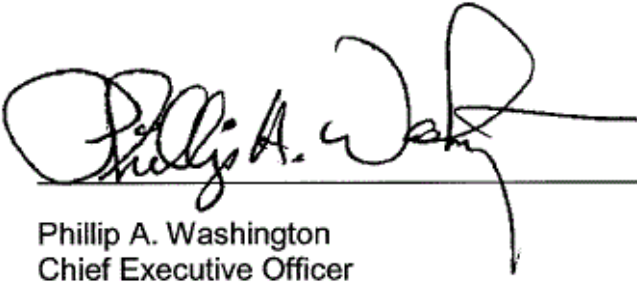
Staff will work with DEOD and the Contractor to resolve the discrepancies in the DBE goal reporting.

ATTACHMENTS

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

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

METRO EXPRESSLANES OPERATIONS AND MAINTENANCE

1.	Contract Number: PS092210233		
2.	Contractor: Atkinson Contractors, LP		
3.	Mod. Work Description: O&M - Year 6		
4.	Contract Work Description: Design, Build, Operate and Maintain the Metro ExpressLanes		
5.	The following data is current as of: August 29, 2018		
6.	Contract Completion Status:		
	Bids/Proposals Due:	8/31/10	% Completion \$s: 85.34%
	Contract Awarded:	12/16/10	% Completion time: 98.5%
	NTP:	01/11/11	Original Contract Days: 990
	Original Complete Date:	09/28/13	Change Order Days: 1,609
	Current Est. Complete Date:	02/23/18	Suspended Days: 0
	Total Revised Days:		2,599
7.	Financial Status:		
	Contract Award:		\$72,363,702
	Total Contract Modifications Approved:		\$113,312,475
	Current Contract Value:		\$185,676,177
	Contract Administrator: Joe O'Donnell	Telephone Number: 213-922-7231	
8.	Project Manager: Shahzad Amiri	Telephone Number: 213-922-3061	

A. Contract Action Summary

This Board Action is to approve:

- Contract Modification No. 78 issued in support of Operations and Maintenance Support of the ExpressLanes - Year 6.

This Contract Modification 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 80 Contract Modifications/change orders have been issued to date to add and/or delete work, and five Contract Modifications are currently pending or in negotiations.

The proposed Contract Modification is for \$18,655,393, and will be used for Operation and Maintenance Support Year 6.

B. Cost/Price Analysis

The recommended price for Contract Modification No. 78 is for Year 6 which was not anticipated in the Contract, but is necessary to allow the ExpressLanes to continue operating until the new ExpressLanes Contracts can take over operation and maintenance responsibility. The amount has been determined to be fair and reasonable based upon an independent cost estimate, cost analysis, technical evaluation, fact finding, and negotiations. While the Contractor initially proposed an amount for Year 6 that was significantly higher than the final amount, Contractor has agreed to escalate all costs by 3% per year, except those that were increased due to collective bargaining agreements, which was determined acceptable by Project Management. Therefore, it was determined that an audit of the Contractor’s cost proposal was not necessary.

Mod No.	Changes	Proposal amount	Metro ICE	Negotiated or NTE amount
78	O&M – Option Year 6	\$18,723,571	\$17,267,474	\$18,655,393

CONTRACT MODIFICATION AUTHORITY (CMA) SUMMARY

METRO EXPRESSLANES OPERATIONS AND MAINTENANCE

Mod. No.	Description	Status	Contract Value	Mods	Board Approved CMA (C)
		(Approved or Pending)	(A)		
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	\$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	\$1,000,000
35	Contract Milestone Revision	Approved		\$2,749,778	\$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	\$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	
N/A	Board Approved CMA Increase (2/14)	Approved			\$10,228,862.00
44	Exercise Option 4.1, Add'l Year of O&M – Year 1	Approved		\$3,024,000	
45	Additional Account Support for Option Year 1	Approved		\$2,900,000	
46	Add'l Transponders Option 3 and Retail Packaging	Approved		\$1,350,000	
47	Additional Mailing Costs - Option Year 1	Approved		\$1,700,000	
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	
54	Additional Transponders – Option Year 1	Approved		\$432,000	
N/A	Board Approved CMA Increase (10/14)	Approved			\$22,925,488.00
55	Exercise Option 4.2, Add'l Year of O&M – Year 2	Approved		\$3,048,000	
56	Additional O&M Support Costs for Option Year 2	Approved		\$6,717,874	
57	Additional Transponders and Retail Packaging	Approved		\$4,999,986	
60	Replacement of Pavement Stencils and Striping and New Delineators on I-10/I-110	Approved		\$1,708,334	
62	Add Funds for Additional Violation Processing and Violation Credit Card Fees	Approved		\$605,000	
N/A	Board Approved CMA Increase (12/15)	Approved			\$17,203,063.00
63	Exercise Option 4.3, Add'l Year of O&M – Year 3	Approved		\$3,072,000	
64	Additional O&M Support Costs for Option Year 3	Approved		\$10,383,408	
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	
N/A	Board Approved CMA Increase (10/16)	Approved			\$29,396,228
71	Exercise Option 4.4, Add'l Year of O&M – Year 4	Approved		\$3,096,000	
CO15	Additional Transponders	Approved		\$3,240,000	
CO16.3	Additional Transponders	Approved		\$12,199,824	
CO17	Additional O&M Support Costs for Option Year 4	Approved		\$12,636,000	
75	DMS 290 Pull Box Mitigation and Replace Sensys Repeaters	Approved		\$74,440	

CO19	Occupancy Detection System (ODS) 30% Design	Approved		\$15,000	
N/A	Board Approved CMA Increase (1/18)	Approved			\$28,396,228
76	Exercise Option 4.5, Add'l Year of O&M – Year 5	Approved		\$3,120,000	
77.1	Additional O&M Support Costs for Option Year 5	Approved		\$15,699,569	
80	Occupancy Detection System (ODS) 100% Design	Approved		\$306,380	
81	Add'l Material Purchase for Maintenance and Safety	Approved		\$159,247	
CO22	Repair of Sensys Access Point No. 170	Approved		\$15,200	
CO23	ODS - Implementation, Integration and Operation*	Approved		\$1,000,000	
CO24	ODS - Construction*	Approved		\$1,000,000	
CO25	Transponder Storage Services	Approved		\$103,000	
Subtotal (Approved)				\$95,134,218	\$135,930,497
58	Replacement and Additional Static Message and Dynamic Message Signs for I-10/I-110 and I-105	In-Process		\$2,650,000	
59	New Toll Gantries - Construction	In-Process		\$2,500,000	
74	Replace UPS Batteries - Furnish Only	In-Process		\$251,395	
79	Occupancy Detection System - Construction, Integration, Implementation and Operation*	In-Process		\$10,174,047	
Subtotal (In-Process)				\$15,575,442	
78	ExpressLanes - O&M Support - Year 6	Recommended		\$18,655,383	
Subtotal (Recommended)				\$18,655,383	
TBD	New CHP Beacon Light System - Construction	Pending		\$986,000	
TBD	Maintenance of Additional Tolling Equipment and DMS	Pending		\$260,000	
TBD	Potential Changes (Contingency)	Pending		\$3,900,000	
Subtotal (Pending)				\$5,146,000	

Subtotal - Approved Modifications			\$95,134,218	
Subtotal - In-Process Modifications			\$15,575,442	
Subtotal - Recommended Modifications			\$18,655,383	
Subtotal - Pending Changes/Modifications			\$5,146,000	
Total Modifications and Pending Changes			\$134,511,043	
Total Contract Value (including Approved, In-Process, Recommended and Pending Modifications)		\$206,874,745		
Board Approved CMA (C)				\$135,930,497
Requested CMA – Total Modifications and Pending Changes (\$134,511,043 minus Board Approved CMA, \$135,930,497)				\$0

*Mod 79 will supersede and replace Change Order Nos. 23 and 24 when executed.

DEOD SUMMARY

METRO EXPRESSLANES OPERATIONS AND MAINTENANCE

A. Small Business Participation

This contract is funded, in whole or in part, by the Federal Highway Administration funds and was awarded under the Caltrans Underutilized Disadvantaged Business Enterprise (UDBE) program requirements. Atkinson Contractors, LP (Atkinson) made a 16.20% overall UDBE commitment for this contract. Atkinson's current overall participation is 14.42%, representing a shortfall of 1.78%.

Atkinson made a 0.98% UDBE commitment for the design of civil works and toll systems and equipment (Design). The Design portion is 100% complete. Atkinson exceeded their UDBE commitment with a UDBE participation of 13.47% for Design. Atkinson made an 8.90% UDBE commitment for all Construction Work (Civil). The Civil portion is 100% complete. Atkinson exceeded their UDBE commitment with a UDBE participation of 14.61% for Civil. Atkinson made a 6.32% UDBE commitment for O&M. The O&M portion is 74% complete. Atkinson exceeded their UDBE commitment with a UDBE participation of 13.37% for O&M.

Atkinson reported that the current shortfall is due to Modification Nos. 76, 77 and 79 which increased the O&M portion by \$30,069,596. Atkinson indicated that Modification No. 79, which is for construction of the Occupancy Detection System, will include some construction work that DBE subcontractors can perform, including traffic control, signage, drilling, and guard rails. This added work is projected to increase Atkinson's UDBE participation by 0.36%.

Notwithstanding, Metro Project Managers and Contract Administrators, are working in conjunction with DEOD to ensure that Atkinson is on schedule to meet or exceed its DBE commitment. DEOD will request an updated mitigation plan. Additionally, key stakeholders associated with the contract have been provided access to Metro's tracking and monitoring system to ensure that all parties are actively tracking Small Business progress.

Operations and Maintenance

Small Business Commitment	UDBE 6.32%	Small Business Participation	UDBE 13.37%
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	UDBE Subcontractors	Ethnicity	% Committed	Current Participation¹
1.	G&C Equipment	African American	6.32%	12.55%
2.	Noble Insight	African American	Added	0.82%
Total			6.32%	13.37%

B. Living Wage and Service Contract Worker Retention Policy Applicability

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

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy (PLA/CCP) is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.