File #: 2019-0769, **File Type:** Informational Report **Agenda Number:** 31.

CONSTRUCTION COMMITTEE
NOVEMBER 21, 2019

SUBJECT: LINK UNION STATION PROJECT

ACTION: APPROVE USE OF CONSTRUCTION MANAGER/GENERAL CONTRACTOR (CM/GC) PROJECT DELIVERY METHOD

RECOMMENDATION

CONSIDER:

A. FINDING that the use of a construction manager/general contractor (CM/GC) project delivery method for the Link Union Station Project, pursuant to Public Utilities Code Sections 130242, to achieve certain private sector efficiencies by an integrated project delivery team; and

B. APPROVING a competitive solicitation of a CM/GC contract(s) to qualified proposers, pursuant to Public Utilities Code Section 130242 (e), whose proposals will be evaluated by utilizing appropriate evaluation criteria (including price) set forth in the solicitation documents.

(REQUIRES 2/3 VOTE OF THE BOARD)

ISSUE

Metro is able to enter into contracts for a CM/GC delivery pursuant to Public Utilities Code Section 130242. Staff is requesting approval to utilize the competitive procurement process for the selection of a construction manager/general contractor (CM/GC) for the Link Union Station Project, which will allow staff to proceed with a selection of a recommended CM/GC contractor for contract award subject to future Board approval.

DISCUSSION

A Construction Management/General Contractor project delivery method is procured to provide pre-construction services during the design phase of the project and commit to construct the project at defined scope and price. The CM/GC project delivery method provides for an integrated project delivery team consisting of the owner, designer/engineer and construction manager/general contractor (CM/GC) that enables team collaboration to develop the design plans and maximize cost and schedule savings of the project costs. Since the CM/GC contractor is providing preconstruction services during the design phase such as providing constructability reviews, value engineering,

pricing, scheduling and construction phasing, the CM/GC project delivery method, will improve quality, higher certainty on final construction cost and delivery schedule and lower potential for change orders, disputes and third-party delays during construction.

As the collaborative design process is being completed, Metro would enter into exclusive negotiations with the CMGC contractor. A detailed independent cost estimate would be developed by Metro as the basis for these negotiations. If Metro and the CMGC cannot come to terms, off ramps would be defined in the contract that would allow Metro to pursue other contracting options such as a competitive bid.

Staff is recommending the CM/GC method for the delivery of the Link Union Station (Link US) Project due to a fixed and constrained budget, large stakeholder base with a variety of rail and transit operators and the complexity of maintaining operations of Los Angeles Union Station, serving approximately 100,000 passengers every weekday, as summarized below:

1. Fixed budget: The current budget for Phase A of the Link US Project is $950 million, over 93% of which comes from the State and other agencies. Metro has very limited ability to absorb any cost overruns.

2. Los Angeles Union Station (LAUS) Operations: LAUS railyard includes “live” tracks with 188 Metrolink and Amtrak trains every weekday operating from 4am to 10pm. In addition, LAUS serves over 100,000 passengers every weekday and offers an abundance of rail (Metro Red Line, Purple Line and Gold Line) and bus (over 1,000 buses every week day at Patsaouras Plaza and bus stops around the station) services.

3. Complexity on a constrained site: LAUS must maintain operations with no or very minimal disruptions to transit, commuter and inter-city rail services during construction. There is a large number of stakeholders (SCRRA, HSR, Amtrak, Caltrans, City of Los Angeles, Metro Union Station Property Management, etc.) with each entity involved with defining design and operational requirements. Some examples of physical constraints within the area of the Link US run-through tracks are: the US-101 Freeway including the on- and off-ramps, the Metro Red/Purple Line tunnel and the Division 20 Portal expansion.

CM/GC Independent Review Panel

On October 11, 2019, Metro’s Program Management department hosted an independent review panel comprising of representatives from the Dallas Area Rapid Transit (DART), San Diego Association of Governments (SANDAG), Southern California Regional Rail Authority (SCRRA), California High Speed Rail Authority (CHSRA), the City of Los Angeles, and senior staff from Metro’s Program Management and Vendor/Contract Management departments. The panel addressed two questions prepared by staff:

1. Is CM/GC the right delivery method for the Link US Project and why?

2. What are the advice and lessons learned from your experience and expertise on the CM/GC delivery method?

For question no.1 regarding if CM/GC is the right project delivery method, eight (8) of the twelve (12) panel members recommended the use of CM/GC because of the budget constraints, site and operational constraints and the large group of stakeholders involved. Some panel members also shared concerns about the use of Design-Bid-Build and Design-Build delivery methods for the Project, mainly due to the significant risk of cost overruns from change orders.

With regards to advice and lessons learned from the panels' experiences on CM/GC contract under question no. 2, the panel provided the following:

1. Include a design and construct to budget/cost clause in contracts;
2. For live tracks and station, incentivize the CM/GC with performance score card to minimize disruption to operations;
3. Co-location of key project team members in one office to enhance collaboration and efficiency;
4. Maintain key project team members from design through construction with penalty for changes to key members on the CM/GC and the engineer teams;
5. Defined off-ramp strategy and be ready and willing to implement;
6. Importance of an independent cost estimate to validate both the CM/GC and engineer's cost estimates;
7. Define the first tier subcontractor plan and qualifications (not selection);
8. Define key roles and responsibilities of operations and maintenance of Los Angeles Union Station.

Lastly, DART discussed the positive experience with the use of a cooperation agreement between the owner, the designer and the CM/GC contractor to define roles and responsibilities of each party including providing an incentive program to encourage improved quality, minimize impacts to operations at Union Station during construction, lower project costs and target early completion date. DART also suggested incorporating the Metrolink's project schedule on Metrolink's work on early track, signal and communication into Metro's Link US Phase A Project Schedule.

In consideration of the recommendations by the CM/GC independent review panel, staff recommends the use of the CM/GC project delivery method for the Link US Project. The CM/GC contract will be structured with off-ramp opportunities for Metro if both parties cannot reach agreement on price or other contract terms as outline in Attachment A Link Union Station Phase A CM/GC Off Ramp Opportunities.

DETERMINATION OF SAFETY IMPACT

The Link US project is being planned and designed in accordance with Metro and Metrolink standards, state and federal requirements. Approval of the Link US project will have no impact on safety.

FINANCIAL IMPACT

Approval of the staff recommendation will allow staff to proceed with a competitive procurement process utilizing the CM/GC project delivery method. Staff will develop a Life of Project (LOP) budget recommendation when designs are finalized and seek approval on the award of a GMP

contract for construction with the CM/GC firm.

The amount of $23.446 million in FY 20 is included in the approved FY20 budget for cost center 2415 under SCRIP 460089. Since this is a multi-year project Senior Executive Officer, Program Management/Regional Rail will be accountable for budgeting the costs in future years.

Impact to Budget

There is no impact to the FY20 budget. The sources of funds secured to date for the Link US Project includes the State's TIRCP grant funds, High-Speed Rail funds, and previously approved and programmed Measure R 3% Commuter Rail funds.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Link US project supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The proposed run-through tracks would increase regional and intercity rail capacity and reduce train idling at Los Angeles Union Station (LAUS), enable one-seat rides from Santa Barbara County to San Diego County through LAUS, and accommodate a new high -quality transportation option such as High Speed Rail in Southern California. The project also supports Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The proposed new passenger concourse and the new outdoor plaza (West Plaza) would improve customer experience and satisfaction by enhancing transit and retail amenities at LAUS, and improving access to train platforms with new escalators and elevators. Lastly, the project supports Strategic Goal 4: Transform LA County through regional collaboration and national leadership. The project requires close collaboration with many local, regional, State and Federal partners including City of Los Angeles, SCRRA, LOSSAN Authority, Caltrans, CHSRA, CalSTA, FRA and Amtrak.

ALTERNATIVES CONSIDERED

The Board may elect not to approve the staff recommendation to use the CM/GC project delivery approach for the Link US Project. The board may choose to use other project delivery methods such as Design-Build or Design-Bid-Build. This is not recommended because the advantages of using CM/GC for the Link US Project including improved design quality, enhanced efficiencies and a design -to-budget principal, lower potential for change orders will not be realized.

NEXT STEPS

Approval of this action would allow staff to proceed with a competitive procurement process utilizing the CM/GC project delivery method pursuant to Public Utilities Code Section 130242 (e). Staff will hold an industry review in January 2020 to receive feedback on the draft scope of work for the CM/GC contract. Staff plans to release the CM/GC RFQ package by February 2020 and CM/GC RFP Package as early as April 2020.

ATTACHMENTS

Attachment A - Link Union Station Phase A CM/GC Off Ramp Opportunities

Prepared by: Kunle Ogunrinde, Senior Manager, Transportation Planning, Regional Rail, (213) 418-3330
Vincent Chio, Director, Regional Rail, (213) 418-3178
Jeanet Owens, Senior Executive Officer, Regional Rail, (213) 418-3189

Reviewed by: Richard Clarke, Chief Program Management Officer, (213) 922-7557
Debra Avila, Chief Vender/Contract Management Officer, (213) 418-3051

Phillip A. Washington
Chief Executive Officer

Attachment A

Link US CM/GC Off-Ramp Opportunities

DRAFT	PRE-CONSTRUCTION PHASE		CONSTRUCTION PHASE
Task Order 1 6 MONTHS (Jan to Jun 2021)	Task Order 2 10 MONTHS (Jul 21' to Apr 22')	Task Order 3 8 MONTHS (May 22' to Dec 22')	Task Order 4, 5, etc. 48 MONTHS (Jan 23' to Dec 26')
35% Phase B Design Milestone	65% Design Milestone	90% Design Milestone	A/E to prepare as constructed documents
SEPARATE TASK ORDER ISSUED OR OFF-RAMP AND TERMINATION	SEPARATE TASK ORDER ISSUED AND/OR OPPORTUNITY FOR EARLY CONSTRUCTION WORK OR OFF-RAMP AND TERMINATION	NEGOTIATION TO DETERMINE LUMP SUM CONSTRUCTION TASK ORDER OR OFF-RAMP AND TERMINATION	
If Terminated, Metro may proceed with second highest CM/GC proposer (TBD if this is feasible under Metro's statutory authority)	If Terminated, Metro may proceed with second highest CM/GC proposer (TBD if this is feasible under Metro's statutory authority)	If Terminated, Metro may proceed with second highest CM/GC proposer (TBD if this is feasible under Metro's statutory authority)	