

THIS PRINT COVERS CALENDAR ITEM NO. : 14

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Capital Programs and Construction

BRIEF DESCRIPTION:

Awarding San Francisco Municipal Transportation Agency Contract No. 1282R1, Twin Peaks Tunnel Trackway Improvement Project to Shimmick/Con-Quest Joint Venture to replace the track structure and perform seismic strengthening and structural repairs in the Twin Peaks Tunnel, between the West Portal and old Eureka Valley Stations, in the amount of \$40,980,000, and for a term of 240 calendar days to substantial completion.

SUMMARY:



- Under the Project, the Contractor will replace the track structure (comprising ballast, ties, rail, and track drainage) in the Twin Peaks Tunnel between the West Portal and old Eureka Valley Stations and perform seismic strengthening and structural repairs.
- The SFMTA received one bid and Statement of Qualifications (SOQ) for the Project, from Shimmick/Con-Quest Joint Venture (SCJV). The SFMTA evaluated the SOQ in early January, and then publicly opened the Bid and announced the SOQ evaluated score on January 18, 2018.
- SCJV's bid amount of \$42,230,000 was 19 percent above the engineer's estimate of \$35,500,000.
- The SFMTA entered into negotiations with SCJV, which reduced the price to \$40,980,000 with no reduction to Project scope or contract requirements.
- Funding for construction services for the Project is provided by federal and local sources.
- The Planning Department has determined that the Twin Peaks Tunnel Trackway Improvement Project is categorically exempt from the California Environmental Quality Act (CEQA).

ENCLOSURES:

1. SFMTAB Resolution
2. Project Budget & Financial Plan

APPROVALS:

DATE

DIRECTOR		1/29/2018
SECRETARY		1/29/2018

ASSIGNED SFMTAB CALENDAR DATE: February 6, 2018

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PURPOSE

The SFMTA Board of Directors awards San Francisco Municipal Transportation Agency Contract No. 1282R1, Twin Peaks Tunnel Trackway Improvement Project to Shimmick/Con-Quest Joint Venture, to replace the track structure and perform seismic strengthening and structural repairs in the Twin Peaks Tunnel between the West Portal and old Eureka Valley Stations, in the amount of \$40,980,000, and for a term of 240 calendar days to substantial completion.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

The Project to be performed under Contract No. 1282R1 will assist in the implementation of the following goals, objectives and initiatives in the SFMTA Strategic Plan:

- Goal 1: Create a safer transportation experience for everyone.
 - Objective 1.3 Improve the safety of the transportation system.

- Goal 2: Make transit, walking, bicycling, taxi, ridesharing & car-sharing preferred means of travel
 - Objective 2.2 Improve transit performance

- Goal 3: Improve the environment and quality of life in San Francisco
 - Objective 3.1 Reduce the Agency's and the transportation system's resource consumption, emissions, waste and noise
 - Objective 3.2 Increase the transportation system's positive impact to the economy
 - Objective 3.3 Allocate capital resources effectively

Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.

DESCRIPTION

The Twin Peaks Tunnel is a 2.2 mile long tunnel constructed in 1918 under Twin Peaks. Four of the most heavily used Muni light rail lines run through the tunnel, carrying over 80,000 passengers every weekday. The Twin Peaks tunnel track structure is 50 years old, has reached the end of its useful life, and must be replaced to ensure rail service safety, and improve transit service speed and reliability. The Project includes replacement of rail, ties, ballast, rail fixation and drainage between the tracks.

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The Project also includes seismic strengthening of walls, beams and columns in the old Eureka

Valley Station and replacing a section of the tunnel ceiling east of the West Portal Station. The need for this seismic strengthening was identified in a February 2012 report from an engineering consultant that addressed the seismic vulnerability of the Forest Hill Station and the old Eureka Valley Station, both of which are located in the Twin Peaks Tunnel.

Since 2015, the SFMTA has advertised the Project three times for competitive bids. The original Contract No. 1282 was advertised on June 23, 2015 with a bid date of July 23, 2015, which was extended four times to attract more bidders and increase competition. On October 1, 2015, the SFMTA received and publicly opened three bid proposals from DMZ Transit a JV (DMZ), Shimmick/Con-Quest Joint Venture (SCJV), and NTK Construction Inc. (NTK). DMZ requested to withdraw its bid due to material clerical errors, and the Agency concurred. The Agency determined that NTK's bid was non-responsive because it failed to list a required subcontractor and failed to list all costs associated with construction. NTK appealed, and the Director of Transportation upheld staff's determination that NTK's bid was non-responsive. To avoid potential litigation and in lieu of accepting the single remaining responsive bid, the SFMTA elected to reject all bids, clarify the contract requirements, and put the Project back out to bid.

On January 14, 2016, the SFMTA issued a second Invitation for Bids for the Project, under Contract No. 1282R. On February 12, 2016, the SFMTA received and publicly opened three bids from SCJV, NTK, and Disney Construction, Inc. On April 5, 2016, the SFMTA Board adopted Resolution No. 16-040 awarding Contract No. 1282R to NTK as the responsible bidder which submitted the lowest responsive bid. The contract required the contractor to perform the Project during 21 long weekends, when transit service through the Twin Peaks Tunnel would be suspended. The Agency subsequently determined (based on the Agency's then recent experience with a similar project to replace tracks in the Sunset Tunnel) that a large number of shutdowns of short duration would more severely impact transit service and the community surrounding the tunnel than the Agency had anticipated. The Agency attempted to negotiate a different project schedule with NTK in which the work would be performed during only a few shutdowns of 11 to 14 days. But the changed schedule would have increased the costs of the Project beyond the amount the Agency could reasonably justify as fair and reasonable. On that basis, the SFMTA determined that it would be more advantageous to terminate the contract with NTK for convenience and to re-package and rebid the project using a single longer shutdown period.

On June 1, 2017, the Director of Transportation notified the SFMTA Board that he had authorized staff to terminate NTK's contract for convenience. The SFMTA notified NTK of its intent to terminate the contract on June 2, 2017. On January 16, 2018, the SFMTA Board adopted Resolution No. 180116-005 authorizing final contract modification to Contract No. 1282R that reduced the final contract price, confirmed transfer to the SFMTA of materials and equipment that NTK had purchased to perform the Project, resolved all of NTK's claims, and terminated the contract.

After significant internal discussion, SFMTA staff concluded the majority of the construction work for the Project should be performed during a 60-day shutdown of the Twin Peaks Tunnel scheduled for June and July, when there is reduced demand for transit service, and during up to 15 weekends

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with extended service shutdown periods. Staff determined that this schedule would least disrupt transit service, while providing a reasonable window for a qualified contractor to perform the work.

CONTRACTING PROCESS

To encourage participation of more highly qualified contractors, the SFMTA elected to use a two-step Best Value Procurement Process for the Project as authorized by Administrative Code Section 6.74 when advertising this Project for the third time. A best value contracting process considers bidders' experience, expertise and other qualifications, as well as bid price. On September 28, 2017, the Director of Transportation notified the SFMTA Board that he had authorized the staff to advertise a Request for Qualifications (RFQ) and an Invitation for Bids (IFB) for the Project, under Contract No. 1282R1.

On October 2, 2017, the SFMTA advertised a Request for Qualifications (RFQ), as the first step in the procurement process, and invited interested contractors to submit a prequalification questionnaire from which the SFMTA would prequalify contractors to submit detailed Statements of Qualifications and bid proposals.

On November 1, 2017, the SFMTA advertised an IFB, as the second step in the procurement process, requiring each prequalified bidder to submit a detailed Statement of Qualifications (SOQ) and a fixed price bid in separately sealed packages. In accordance with the requirements Administrative Code Section 6.74, these two submittals would be used to determine the Best Value Score by dividing the total bid price by an evaluated score of the SOQ. The lowest resulting quotient, or cost per quality point would be the bid that represented the Best Value to the SFMTA.

Six contractors responded to the Agency's RFQ and submitted prequalification questionnaires: Stacy & Witbeck; Balfour Beatty; Railworks Corporation; Shimmick Construction/Con-Quest Contractors, Inc. Joint Venture; ProVen Management Inc; and Herzog Corporation. ProVen Management, Inc. later withdrew its application before the Bid Date. The SFMTA reviewed all submitted prequalification questionnaires and determined all five remaining contractors to be prequalified.

On January 8, 2018, SFMTA received a single Bid and SOQ from SCJV. Federal Transit Administration (FTA) regulations and the City's Administrative Code require the Agency to investigate whether by amending its bid requirements, the Agency might attract additional bidders if it put the Project out to bid again. The SFMTA surveyed the five prequalified contractors and reviewed the Project's specifications to determine whether the specifications were unduly restrictive and/or whether they could be amended to attract additional bidders. The SFMTA determined that after bidding the Project three times and making modifications to attract more bidders each time, there were no other changes that the SFMTA could make to attract more bidders without risking long disruptions to transit service and without causing major inconvenience to riders, neighborhood merchants, and the general public. The Agency believes that if the Project were put out to bid a fourth time, there is a significant risk that no contractor would bid at all.

Having established that rebidding the project was unlikely to attract additional bidders, the SFMTA

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evaluated and scored the single SOQ following the scoring criteria established in its IFB and its Evaluation Plan. On January 16, 2018, the SFMTA held a public bid opening when it first

announced SCJV’s SOQ score and opened its sealed bid (price) for the Project, and calculated SCJV's proposal as follows:

Bidder	SOQ Score	Total Bid Price	Best Value Score (Bid Price/SOQ Score)
Shimmick/Con-Quest Joint Venture (SCJV)	846.00	\$42,230,000	49,917

The SFMTA's engineer’s cost estimate for the Project was \$35,500,000; SCJV's bid was 19 percent above that estimate. When the SFMTA receives only a single bid, FTA regulations require the Agency to perform a detailed Cost Analysis of the bid price to determine whether it is fair and reasonable. The SFMTA engaged a consultant to assist the Agency in performing that analysis. The SFMTA and its consultant fully reviewed all backup cost information from SCJV on which the contractor's based its bid price. This review indicated that certain costs in the bid appeared to be inflated, which the SFMTA then negotiated with SCJV. The parties' negotiations reduced the contract price by \$1,250,000, for a final contract price of \$40,980,000 with no reduction to the scope of the Project or any change to contract requirements. The SFMTA determined that the final negotiated price of \$40,980,000 is fair and reasonable given the risks and difficulty of the Project, and conditions in the current construction market.

SUBCONTRACTING AND SBE PARTICIPATION

Bidders are required by the California Subletting and Subcontracting Fair Practices Act (Public Contract Code section 4104) to list all subcontractors that will perform more than one-half of one percent of the value of the Contract. SCJV’s bid listed the following subcontractors:

Subcontractor	Status	Value
CMC Traffic Control Specialists	LBE, DBE, and State SBE	\$1,300,000
On The Level Concrete	LBE and DBE	\$1,275,000
Ingram Fire Protection	State SBE	\$ 288,000
Custom Spray Systems	NA	\$ 698,000

The Contract Compliance Office reviewed SCJV’s bid proposal and determined that SCJV has made a commitment to achieve the Small Business Enterprise (SBE) participation goal of 21% established for this contract and has committed to meeting the Non-discrimination Equal Employment Requirements of the contract.

STAKEHOLDER ENGAGEMENT

Since January 2015, SFMTA Outreach staff has attended more than 70 neighborhood meetings to

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provide Project updates. Staff regularly attends monthly meetings organized by the Greater West Portal Neighborhood Association, the West Portal Merchants Association, the Castro Merchants Association, the Eureka Valley Neighborhood Association, and the Forest Hill Association. By

attending neighborhood meetings of groups neighboring the Twin Peaks Tunnel, Outreach staff have engaged key stakeholders by regularly providing project updates, publicizing the project, consulting with neighbors about construction and local topics, and works with participants to find mutually agreeable solutions to concerns about construction impacts.

In preparation for construction, SFMTA staff and neighborhood leadership worked together on concerns such as construction noise levels, materials and equipment staging areas, pest abatement, scheduling and timing of the tunnel closure, and mitigating impacts to businesses during construction. Mutually agreeable solutions to neighborhood and merchant concerns were addressed and incorporated into the contract, including restricting the tunnel shutdown to the summer months to avoid impacting schools and merchants, and restricting contractor staging areas in and around business delivery zones to improve customer access to commercial districts during construction.

Outreach hosted several open houses since March 2015 in West Portal, Forest Hill and Castro neighborhoods with additional events planned in preparation for the 2018 tunnel closure. The open houses provide pre-construction information and a platform for the community to discuss the Project with SFMTA representatives. After consulting with community leadership, Outreach staff has created communication tools for the benefit of project stakeholders, including a Project website with email notifications and reminders for enrollees, SFMTA representative contact information, opportunities for merchant associations to collaborate on a construction mitigation marketing plan, and support of Twin Peaks Tunnel centennial neighborhood events.

ALTERNATIVES CONSIDERED

The Project is important to ensure safe transit service through the Twin Peaks Tunnel. The Project will also improve the speed and reliability of transit service through the tunnel. The project team discussed with Maintenance staff whether the Project could be performed by SFMTA personnel as part of regular maintenance. But it was determined that the SFMTA lacks sufficient personnel and equipment to replace the entire 2.2 miles of Twin Peaks Tunnel track structure. Further, Administrative Code Section 6.1 requires that any project valued greater than \$600,000 must be contracted, and cannot be performed by City personnel.

FUNDING IMPACT

Total funding of \$51,810,000 for the Twin Peaks project had been previously identified. A portion of that funding has been expended to pay for work under the prior contract which was terminated for convenience. The additional funding amount needed for the Twin Peaks project is to be determined and will come from cost savings, deferral, or defunding of other planned Fixed Guideway capital projects.

The budget and financial plan for this Project is presented in Enclosure 2.

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ENVIRONMENTAL REVIEW

The Twin Peaks Tunnel Trackway Project is subject to the California Environmental Quality Act (CEQA). CEQA provides a categorical exemption from environmental review for replacement or reconstruction of existing structures and facilities as defined in Title 14 of the California Code of Regulations Section 15302.

On July 31, 2015, the Planning Department determined (Case Number 2015-008803ENV) that the Twin Peaks Tunnel Trackway Project is categorically exempt from CEQA as defined in Title 14 of the California Code of Regulations Section 15302.

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board, and may be found in the records of the Planning Department at 1650 Mission Street in San Francisco, and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

None.

The City Attorney's Office has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors award San Francisco Municipal Transportation Agency Contract No. 1282R1, Twin Peaks Tunnel Trackway Improvement Project to Shimmick/Con-Quest Joint Venture to replace the track structure and perform seismic strengthening and structural repairs in the Twin Peaks Tunnel, between the West Portal and old Eureka Valley Stations, in the amount of \$40,980,000, and for a term of 240 calendar days to substantial completion.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, Twin Peaks Tunnel, is a 2.2 mile long tunnel constructed in 1918, through which four of the most heavily used light rail lines run through the tunnel, carrying over 80,000 passengers per weekday; and,

WHEREAS, The track structure, including rails, ties, ballast, rail fixation and drainage between the tracks in the Twin Peaks Tunnel, has reached the end of its useful life and the tunnel requires seismic improvements and structural repairs; and,

WHEREAS, To maintain rail service safety, and improve transit service speed and reliability through the Twin Peaks Tunnel, the SFMTA must replace the track structure between the West Portal Station and the old Eureka Valley Station, which Project includes replacement of rail, ties, ballast, rail fixation and drainage between the tracks, and must also perform seismic strengthening of walls, beams and columns in the old Eureka Valley Station and replace a section of the tunnel ceiling east of the West Portal Station; and,

WHEREAS, The SFMTA determined that it would use a two-step Best Value Procurement Process to select a contractor qualified to perform the Project; and,

WHEREAS, On October 2, 2017, the SFMTA issued a Request for Qualifications to prequalify contractors for the Project, and on November 1, 2017 issued an Invitation for Bids soliciting Statements of Qualifications and Bids from prequalified contractors to perform the Project; and,

WHEREAS, On January 8, 2018 The SFMTA received proposal single bid and Statement of Qualifications from Shimmick/Con-Quest Joint Venture (SCJV); and,

WHEREAS, The SFMTA determined that the scope of the Project cannot be feasibly changed in a manner that might attract additional bidders if the Agency put the Project out to bid again, and if it did so, there is a significant risk that no contractor would bid at all, and therefore elected to evaluate the single bid received; and,

WHEREAS, SCJV's bid price of \$42,230,000 was 19 percent above the engineer's estimate of \$35,500,000; and,

WHEREAS, When only one bid is received, the Federal Transit Administration regulations require the SFMTA to perform a detailed cost analysis of the proposed price to determine whether it is fair and reasonable, and SFMTA staff and a SFMTA consultant reviewed SCJV's cost documents and price sheets to identify portions of the bid that should be negotiated; and,

WHEREAS, SFMTA negotiated the bid price with SCJV, by which SCJV reduced its bid price \$1,250,000 for a new bid price of \$40,980,000, with no reduction to the scope of the Project or any of the contract requirements which was determined to be fair and reasonable for the Project; and,

WHEREAS, The majority of the Project will be performed during a 60-day shutdown of the Twin Peaks Tunnel during which rail service through the tunnel will be suspended, and during up to 15 weekends with extended rail service shutdowns; and,

WHEREAS, Outreach staff regularly attends monthly meetings and have attended more than 70 neighborhood meetings and organized several open house events since 2015; and,

WHEREAS, The Contract Compliance Office reviewed the bid proposals and confirmed that SCJV will commit to meeting the Small Business Enterprise participation goal of 21% established for this Contract and will commit to meeting the non-discrimination and equal employment requirements of the Contract; and,

WHEREAS, Funding for Project under Contract No. 1282R1 will come from Federal grants and local sources; and,

WHEREAS, The Twin Peaks Tunnel Trackway Project is subject to the California Environmental Quality Act (CEQA). CEQA provides a categorical exemption from environmental review for replacement or reconstruction of existing structures and facilities as defined in Title 14 of the California Code of Regulations Section 15302; and,

WHEREAS, On July 31, 2015, the Planning Department determined (Case Number 2015-008803ENV) that the Twin Peaks Tunnel Trackway Project is categorically exempt from CEQA as defined in Title 14 of the California Code of Regulations Section 15302; and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board, and may be found in the records of the Planning Department at 1650 Mission Street in San Francisco, and is incorporated herein by reference; and, therefore be it

RESOLVED, That the SFMTA Board of Directors awards San Francisco Municipal Transportation Agency Contract No. 1282R1, Twin Peaks Tunnel Trackway Improvement Project to Shimmick/Con-Quest Joint Venture to replace the track structure and perform seismic strengthening and structural repairs in the Twin Peaks Tunnel, between the West Portal and old Eureka Valley Stations, in the amount of \$40,980,000, and for a term of 240 calendar days to substantial completion.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 6, 2018.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2

TWIN PEAKS TUNNEL TRACKWAY IMPROVEMENT PROJECT

San Francisco Municipal Railway Contract No. 1282R1

Project Budget and Financial Plan

Cost	Amount
Pre-development, Conceptual Engineering, Detailed Design Phase Staff Support (SFMTA and Other City Services)	\$3,314,000
Construction Phase Construction Contract, Contingency, and Staff Support	\$48,500,000
Total Cost	\$51,814,000

Funding	Amount
Federal Grant Funds	\$41,451,200
SFMTA Revenue Bonds	\$4,754,780
Bridge Total Funds	\$1,458,907
Prop K Sales Tax	\$4,149,113
Total Funding	\$51,814,000