

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Central Subway Program

BRIEF DESCRIPTION:

Increase the Director of Transportation's delegated authority to approve modifications to Contract No. 1252, Third Street Light Rail Program Phase 2: Central Subway Tunneling in the amount of \$5,150,000.

SUMMARY:

- On June 28, 2011, the SFMTA Board of Directors awarded Contract No. 1252, Third Street Light Rail Program, Phase 2 Central Subway – Tunneling, to Barnard Impregilo Healy, Joint Venture (BIHJV) in the amount of \$233,584,015 for the construction of guideway tunnels for the Central Subway.
- Board Resolution 10-008 delegates \$5 million in contract modification authority to the Director of Transportation for a maximum not-to-exceed amount of \$238,584,015 based on original Contract 1252 award amount.
- In response to concerns of North Beach residents and business owners about potential disruption caused by the extraction of Tunnel Boring Machines (TBMs) as originally planned in Columbus Avenue, the SFMTA Board of Directors directed Project staff to pursue removal of the Tunnel Boring Machines (TBMs) at property located at 1731 – 1741 Powell Street. Subsequently, the SFMTA Board authorized expenditure of funds not to exceed \$9,150,000 to lease the property and design and construct the relocated retrieval shaft.
- The SFMTA and BIHJV negotiated Contract Modification No. 20, executed September 4, 2013 to construct the relocated TBM retrieval shaft for an amount not-to-exceed \$5,150,000.
- The value of Contract Modification No. 20 expended most of the Director of Transportation's authority to approve modifications to Contract 1252. When that authority is exhausted, all subsequent modifications to Contract 1252, regardless of value, must be approved by the SFMTA Board of Directors. That requirement may delay payment to BIHJV for completed work and as a result could either delay the work or cause BIHJV to incur additional project carrying costs.
- To facilitate timely payment for work under necessary contract change orders, staff requests that the SFMTA Board of Directors grant the Director of Transportation additional authority to approve modifications to Contract 1252, in the amount of \$5,150,000 (an amount equal to the value of Contract Modification No. 20) for a maximum not-to-exceed amount \$243,734,015.

ENCLOSURES:

1. SFMTAB Resolution
2. Contract Modifications 1-20

APPROVALS:

DATE

DIRECTOR _____

1/13/14

SECRETARY _____

1/13/14

ASSIGNED SFMTAB CALENDAR DATE: January 21, 2014

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PURPOSE

Increase the Director of Transportation's delegated authority to approve modifications to Contract No. 1252 in the amount of \$5,150,000. This action will replenish the change order authority consumed by Contract Modification No. 20, which authorized the relocation of the TBM Retrieval Shaft from Columbus Avenue to property located at 1731 – 1741 Powell Street.

Authorization of the increase in delegated authority will provide for continued timely processing of Contract Modifications for Contract No. 1252; delegated authority for all other contracts will not be changed.

GOAL

Delegating additional authority to the Director of Transportation to execute modifications to Contract No. 1252 is consistent with the SFMTA Strategic Plan in the following goal and objective:

Goal 3 - Improve the environment and quality of life in San Francisco.

Objective 3.3: Allocate capital resources effectively.

DESCRIPTION

On June 28, 2011, the SFMTA Board of Directors awarded Contract No. 1252, Third Street Light Rail Program, Phase 2 Central Subway – Tunneling, to Barnard Impregilo Healy, Joint Venture (BIHJV) in the amount of \$233,584,015 and contract duration of 1150 calendar days. The contract work includes construction of a temporary TMB launch box, precast concrete segmental lined bored guide way tunnels and a permanent TBM Retrieval Shaft located in Columbus Avenue. Board Resolution No. 10-008 delegates an additional \$5 million in delegated Change order authority for contracts greater than \$50 million.

The SFMTA Board at its December 4, 2012 meeting directed Project staff to pursue the retrieval of the TBMs at 1731 – 1741 Powell Street. This action was taken to address concerns expressed about the construction disruption caused by the originally planned TBM extraction in Columbus Avenue.

The SFMTA Board at its February 19, 2013 meeting authorized the expenditure of funds not to exceed \$9,150,000 including \$6 million for design, demolition, construction and related costs to implement relocation of the TBMs under Resolution 13-023.

Contract Modification No. 20 was negotiated with BIHJV for an amount not-to-exceed \$5,150,000 and extended the Contract duration by 14 calendar days. Modification No. 20 replaced the construction of a permanent TBM Retrieval Shaft on Columbus Avenue with an extension of the tunnels and construction of a temporary TBM retrieval shaft at 1731 – 1741 Powell Street. Construction of reinforced concrete bulkheads in each tunnel; and settlement mitigation, traffic control and pre-and post-construction surveys were also included in the additional scope of work.

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Under the current contracting authority delegated to the Director of Transportation, the Director's authority to approve amendments to Contract 1252 is \$5 million, for a maximum not-to-exceed contract amount of \$238,584,015 (based on the original contract amount of \$233,584,015). Through a combination of contract modification credits and expenditures, adequate contract authority remained for the Director of Transportation to execute Contract Modification No. 20. However, that contract modification consumed a substantial amount of the Director of Transportation's delegated change order authority. (A description of modifications to Contract 1252 is set out in Enclosure 2.)

As a result of Contract Modification No. 20, a balance of \$2,173,819 in delegated contract authority remains. Projected contract modifications through January 2014 will consume an additional \$1,879,129 of that authority, reducing the remaining delegated contract change order authority amount to \$294,689. Based on project trends and the values of past change orders,¹ Project staff anticipate that necessary change orders will deplete that remaining authority by February 2014, after which all future contract modifications, regardless of amount, will require approval by the SFMTA Board of Directors.

Approval to increase Contract 1252 delegated change order authority by the value of contract modification No. 20 will facilitate construction by enhancing the Project's ability to negotiate and pay change orders in a timely manner. A protracted contract modification approval process (in which every contract modification must be approved by the SFMTA Board of Directors) would place an undue financial burden on BIHJV, as additional work cannot be authorized and the contractor cannot be paid for work performed without an approved Contract Modification.

ALTERNATIVES CONSIDERED

Upon reaching the current limit of contracting authority delegated to the Director of Transportation (estimated to be February 2014), all future modifications to Contract 1252, regardless of value, would require approval by the SFMTA Board. Project staff do not recommend this alternative, as it could delay the work, delay timely payment to the Contractor, increase SFMTA administrative costs, and impose unanticipated financial burdens on BIHJV.

FUNDING IMPACT

Funding for the Central Subway Program comes from a combination of federal, state and local funds. All funding for this project is received or committed. Approval of this action will not impact project funding.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

No further approvals are required. The City Attorney has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the Board of Directors increase the Director of Transportation's delegated authority to approve modifications to Contract No. 1252 in the amount of \$5,150,000.

¹ The values of contract modifications through modification no.19 average \$42,000 and range in value from \$3,821 for differing site conditions encountered at the TBM launch box to \$307,861 for additional instrumentation to monitor the BART undercrossing.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) at its June 28, 2011 meeting awarded Contract No. 1252, Third Street Light Rail Program Phase 2 Central Subway – Tunneling to Barnard Impregilo Healy, Joint Venture in the amount of \$233,584,015 under Board Resolution 11-094; and

WHEREAS, SFMTA Board Resolution No. 10-008 delegates \$5 million authority to the Director of Transportation to approve modifications to contracts that have a value of greater than \$50 million; and

WHEREAS, On December 4, 2012, the SFMTA Board of Directors adopted a motion directing the Central Subway Project to pursue removal of Tunnel Boring Machines (TBMs) at property located at 1731 -1741 Powell Street in response to concerns expressed about construction disruption caused by the planned removal of the TBMs in Columbus Avenue; and

WHEREAS, On February 19, 2012, the SFMTA Board of Directors adopted Resolution No. 13-023, which authorized the expenditure of funds not to exceed \$9,150,000 which included \$6 million for design, demolition, construction and related costs to relocate the TBM retrieval shaft; and,

WHEREAS, Staff negotiated Contract Modification No. 20 to Contract 1252 to relocate the TBM retrieval shaft, construct an extension of the twin bore tunnels, and construct a temporary Tunnel Boring Machine retrieval shaft in an amount not to exceed \$5,150,000; and

WHEREAS, Contract Modification 20 consumed 70 percent of the Director of Transportation's authority to approve modifications to Contract 1252, and projected trends and future contract changes will likely deplete the Director of Transportation's remaining change order authority by February 2014; and

WHEREAS; Delegation of additional authority to the Director of Transportation to approve contract modifications to Contract No. 1252 will facilitate timely payment of work, and will avoid delays and related additional costs to the work; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors increases the Director of Transportation's delegated authority to approve modifications to Contract 1252, Third Street Light Rail Program Phase 2 Central Subway – Tunneling, in an aggregate amount not to exceed \$5,150,000.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 21, 2014.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

