

THIS PRINT COVERS CALENDAR ITEM NO.: 19

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Central Subway Project

BRIEF DESCRIPTION:

Recommending that the SFMTA Board of Directors delegate an additional \$30,000,000 in authority to the Director of Transportation to execute contract modifications to Contract No. 1300, Third Street Light Rail Program Phase 2 - Central Subway Stations, Surface, Track and Systems with Tutor Perini Corporation for the construction of Central Subway Stations, Trackway and Systems, and to authorize the Director to re-delegate to Resident Engineers authority to approve contract modifications up to \$50,000, with all re-delegated contract approvals not to exceed a total of \$5,000,000.

SUMMARY:

- The proposed policy would delegate to the Director of Transportation (Director) an additional \$30,000,000 in authority to approve contract modifications to Contract No. 1300, for the construction of Central Subway Stations, Trackway and Systems (Contract 1300), and would authorize the Director to re-delegate to Resident Engineers the authority to approve contract modifications up to \$50,000, not to exceed a total of \$5,000,000.
- The Director would be required to report quarterly to the SFMTA Board all modifications approved under the proposed delegated contract authority.
- The SFMTA Board under Resolution No. 13-061 delegated to the Director authority of \$20,000,000, and under Resolution 180821-114 authorized an additional \$10,000,000, to approve modifications to Contract No. 1300. Resolution 191203-153 increased the Director's authority to approve contracts and contract modifications, but excluded modifications to Contract 1300.
- The remaining Director's delegated authority for Contract 1300 modifications is \$6,286,573. Unless the Board delegates additional authority to the Director, staff will be required to present anticipated contract modifications, including routine and relatively low-value modifications, to the SFMTA Board for approval, which could delay project implementation or progress, and delay payments to contractors and vendors.

ENCLOSURES:

1. SFMTA Board Resolution

APPROVALS:

DIRECTOR



SECRETARY



DATE

February 13, 2020

February 12, 2020

ASSIGNED SFMTAB CALENDAR DATE: February 18, 2020

PURPOSE

Recommending that the SFMTA Board of Directors delegate an additional \$30,000,000 in authority to the Director of Transportation to execute contract modifications to Contract No. 1300, Third Street Light Rail Program Phase 2 - Central Subway Stations, Surface, Track and Systems with Tutor Perini Corporation for the construction of Central Subway Stations, Trackway and Systems, and to authorize the Director to re-delegate to Resident Engineers authority to approve contract modifications up to \$50,000, not to exceed a total of \$5,000,000.

STRATEGIC GOALS AND TRANSIT FIRST POLICY PRINCIPLES

Approval of the proposed resolution will support the following SFMTA Strategic Plan Goals:

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.5: Increase the efficiency and effectiveness of business processes and project delivery through the implementation of best practices.

This item does not directly address any Transit First Policy Principles, but by streamlining the process for contract approvals, the proposed policy would support and facilitate more efficient implementation of projects that enhance safety and public transportation.

DESCRIPTION

To maintain efficient administration of contract modifications and avoid delays to the Central Subway project work caused by delays to approving contract modifications, the proposed policy would provide the Director an additional \$30 million in delegated authority, of which the Director may re-delegate to Resident Engineers the authority to approve contract modifications up to \$50,000, for a total amount not to exceed a total of \$5,000,000. The authority delegated to Resident Engineers would be limited to \$50,000, respectively, per contract modification. The aggregate total value of all contract modifications approved by all Resident Engineers would be limited to \$5,000,000.

Charter Section 8A.102(b)1 provides that the SFMTA has “exclusive authority over contracting, leasing, and purchasing by the Agency.” Administrative Code Sections 6.1, 6.40(a) and 21.02 establish a “Threshold Amount” of \$600,000 for contracts for general services and construction contracts and a “Minimum Amount” of \$110,000 for professional services. The head of a department authorized to enter into contracts may approve a contract without board or commission approval, as long as the contract amount is below those limits. But Charter Section 8A.102(g) authorizes the SFMTA Board to exempt the Director from those limits or set different limits on the Director’s authority.

SFMTA Board Resolution No. 13-061, approved in May 2013 delegated to the Director the authority to approve Contract 1300 modifications for the Central Subway Project up to \$5 million for each of the four construction packages that comprise Contract 1300, and authorized the Director to re-delegate \$100,000 in contract amendment authority to the Central Subway Program Director. The proposed delegation of additional authority to the Director under this Resolution does not amend the delegation of \$100,000 in contract approval authority granted to the Program

Director under Resolution No. 13-061, other than to limit the authority delegated to the Program Director and all Resident Engineers to an aggregate total of \$5,000,000. Resolution No. 180821-114, approved in August 2018, added \$10 million to the Director’s authority, which could be used for modifications on any of the four construction packages, for a total of \$30 million in delegated approval authority for Contract 1300 modifications. Due to the execution of 36 contract modifications since August 2018, remaining delegated authority has been reduced to \$6,286,573, which is insufficient to cover anticipated contract modifications. The following chart shows the amounts of delegated authority expended and remaining for each construction package.

Contract 1300 Construction Package	Expended \$5M Authority	Remaining \$5M Authority	Expended Floating \$10M	Remaining Floating \$10M
Yerba Buena/Moscone Station (YBM)	\$3,241,425	\$1,758,575	\$0.00	*See note below
Union Square/Market Street Station (UMS)	\$5,000,000	\$0.00	\$2,254,336.54	\$4,742,030.23*
Chinatown Station (CTS)	\$5,000,000	\$0.00	\$3,003,633.23	*See note below
Surface Station, Trackway and Systems (STS)	\$3,455,456.40	\$1,544,543.60	\$0.00	*See note below

*The remaining \$4,742,030.23 is floating and can be applied to any of the packages.

In the year and a half since the SFMTA Board issued Resolution 180821-114, the SFMTA has issued 36 modifications to Contract 1300. Many of those contract modifications are routine, are of relatively low monetary value, or do not present policy issues or financial or liability risks that should require the SFMTA Board’s consideration. Seeking SFMTA Board for such contract modifications often adds weeks or more to the process, which delays the project and limits payment to contractors and vendors for on-going work. (The SFMTA Board under resolution 191203-153, approved in December 2019, increased the Director’s delegated authority to approve contracts, contract modifications, and grant agreements, but excluded modifications to Contract 1300, due to the amount of authority previously delegated to the Director.)

The proposed increase in delegated authority would not affect the SFMTA's Contract Compliance Office work to ensure that the SFMTA continues to provide opportunities to Small Business Enterprises (SBE), Disadvantaged Business Enterprises (DBE), and Local Business Enterprises (LBE), as required by Administrative Code Article 14. As is currently the practice for every contract, the SFMTA Contract Compliance Office will ensure that SBE, DBE, and LBE requirements are fully implemented.

STAKEHOLDER ENGAGEMENT

The proposed actions will facilitate the timely completion of the project, which will benefit stakeholders.

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ALTERNATIVES CONSIDERED

The Board could reserve approval of certain types of contract modifications to itself, or delegate additional or less authority to the Director and/or to the Resident Engineers.

ENVIRONMENTAL REVIEW

On March 1, 2018, the SFMTA, under authority delegated by the Planning Department, determined that the Contract Delegation Policy is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b). The changes proposed above are within the scope of that determination. A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

FUNDING IMPACT

Streamlining the contract amendment process will save time and staff resources, and by speeding approval of modifications may improve relationships with the contractor and provide for timely payment of work performed. That may reduce costs, but it would be difficult to quantify potential savings.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

No other approvals are required.

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

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors to delegate an additional \$30,000,000 in authority to the Director of Transportation to execute contract modifications to Contract No. 1300, Third Street Light Rail Program Phase 2 - Central Subway Stations, Surface, Track and Systems with Tutor Perini Corporation for the construction of Central Subway Stations, Trackway and Systems, and to authorize the Director to re-delegate to Resident Engineers authority to approve contract modifications up to \$50,000, with all re-delegated contract approvals not to exceed a total of \$5,000,000.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION NO. _____

WHEREAS, Charter Section 8A.102(g) authorizes the SFMTA Board to adopt threshold amounts under which the Director of Transportation (the Director) and his or her designees may approve contracts, notwithstanding any provisions of Chapters 6 or 21 of the City's Administrative Code; and,

WHEREAS, SFMTA Board Resolution No. 13-061 delegated to the Director authority to approve contract modifications to Contract 1300 with Tutor Perini Corporation for the construction of Central Subway Stations, Trackway and Systems (Contract 1300), up to \$5 million for each of the four construction packages that comprise Contract 1300, and further authorized the Director to re-delegate \$100,000 in contract amendment authority to the Central Subway Program Director; and,

WHEREAS, SFMTA Board Resolution No. 180821-114 added \$10 million to the Director's authority to approve modifications to Contract 1300, which could be used for modifications touching on any of Contract 1300's four construction packages, for a total of \$30 million in delegated approval authority; and,

WHEREAS, On December 3, 2019, the SFMTA Board by Resolution 191203-153 delegated to the Director of Transportation greater authority to approve and execute expenditure and revenue contracts, contract modifications, but excluded modifications to Contract 1300 due to the amount of authority already delegated to the Director; and,

WHEREAS, The Director's remaining authority to approve modifications to Contract 1300 under SFMTA Board Resolutions Nos. 13-061 and 180821-114 is approximately \$6,286,573; and,

WHEREAS, It is desirable to increase the Director's authority to approve modifications to Contract 1300 within the limits resolved below to maintain efficient contract and project administration, and to avoid delays to the project caused by delays to contract amendment approvals; and,

WHEREAS, The total aggregate value of all contract modifications approved by all Resident Engineers shall not exceed \$5,000,000; and,

WHEREAS, The Director shall report to the Board at the end of every annual quarter the contract modifications approved under this delegated approval authority; and,

WHEREAS, On March 1, 2018, the SFMTA, under authority delegated by the Planning Department, determined that the SFMTA Board approval and the SFMTA's implementation of "SFMTA Contract Approval Delegation and Requirements Policies" is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of

Regulations Sections 15060(c) and 15378(b); the changes proposed above are within the scope of that determination; and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors delegates an additional \$30,000,000 in authority to the Director of Transportation to execute contract modifications to Contract No. 1300, Third Street Light Rail Program Phase 2 - Central Subway Stations, Surface, Track and Systems with Tutor Perini Corporation for the construction of Central Subway Stations, Trackway and Systems, and to authorize the Director to re-delegate to Resident Engineers authority to approve contract modifications up to \$50,000, with all re-delegated contract approvals not to exceed a total of \$5,000,000.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of February 18, 2020.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency