



June 5, 2017

To: Regional Planning and Highways Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Amendment to Agreement for Additional Program Management Consultant Services for the Interstate 405 Improvement Project from State Route 73 to Interstate 605

Overview

On March 3, 2014, the Orange County Transportation Authority entered into an agreement with Parsons Transportation Group, Inc., to provide program management consultant services for the Interstate 405 Improvement Project from State Route 73 to Interstate 605. An amendment to the existing agreement is needed for support services associated with the additional scope of work for the Interstate 405 Improvement Project, as well as support services for the 91 Express Lanes toll-related contracts.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 11 to Agreement No. C-2-1513 between the Orange County Transportation Authority and Parsons Transportation Group, Inc., in the amount of \$6,000,000, for additional program management consultant services for the Interstate 405 Improvement Project from State Route 73 to Interstate 605. The amendment will increase the maximum cumulative obligation of the agreement to a total contract value of \$93,040,186.

Discussion

On March 3, 2014, the Orange County Transportation Authority (OCTA) entered into an agreement with Parsons Transportation Group, Inc., (Parsons) to provide program management consultant (PMC) services to support OCTA in the implementation of the Interstate 405 Improvement Project (Project). As part of the services of this agreement, Parsons is assisting with the development, procurement, and oversight of the design-build (DB) contract. These services include project management and administration, design services and preliminary project development, right-of-way (ROW) support services, DB procurement, contracts and third-party agreements, and oversight of DB construction.

On November 14, 2016, the OCTA Board of Directors (Board) approved the toll operating agreement with the California Department of Transportation and awarded the DB contract to OC 405 Partners, Joint Venture (OC 405 Partners). OCTA executed the DB contract with OC 405 Partners and issued Notice to Proceed No. 1 on January 31, 2017.

Coordination of utility relocations and ROW acquisitions are well underway. Approximately 117 utility conflicts requiring 105 utility agreements with 22 different utility owners are anticipated. To date, 57 utility agreements have been executed or agreed to in principle by the utility owners. A total of 305 ROW acquisitions, the majority temporary construction easements, are required to build the Project. To date, 151 offers have been presented and agreements have been reached with over 45 percent of the property owners.

In addition, development of the Toll Lanes System Integrator procurement documents has been initiated, with the request for proposals (RFP) targeted for release in August 2017.

Additional support from Parsons is needed to reduce Project risks and costs related to utility relocations and ROW impacts, to adhere to the financial and document control systems requirements of the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program, and to increase efficiencies by combining the procurements for the toll systems and operations for the existing 91 Express Lanes and the planned 405 Express Lanes.

Staff is requesting to amend the agreement with Parsons to reflect the additional services as follows:

- Extensive coordination efforts have been made to address utility agreement review comments with various owners. Additional utility support services are needed to coordinate, negotiate, and obtain approval of utility agreements and permits with various utility owners and other third parties, as required by the contract documents. The utility agreements document the cost liability and schedule for the required relocations and are needed for construction.
- Multiple workshops have been conducted to review and refine the ROW needed for the Project to reduce ROW impacts, schedule risks, and acquisition costs. Additional support is needed to continue the ROW refinement process in support of the ROW acquisition process and communication with the property owners, including providing engineering exhibits, performing constructability reviews and feasibility studies to reduce ROW acquisitions, and providing engineering support for commercial property acquisitions.

- After engaging in discussions with the Build America Bureau, it became evident that more robust financial and document control systems are needed to support the requirements of TIFIA to provide ongoing reporting on financial and project information. The proposed systems provide a comprehensive repository of cost and records/documents and provide security with Cloud-based solutions. The financial system tracks project commitments and expenditures with a single system and provides project performance data through dashboards and customized reports. The document control system is able to manage documents without limits on data or participants. Additional support services are needed to provide the financial and document control systems associated with the TIFIA loan program requirements.
- During development of the 405 Express Lanes toll services, it was identified that efficiencies and cost savings would be achieved by combining toll systems and operations with those of the 91 Express Lanes. The existing 91 Express Lanes are managed and operated through toll-related contracts that provide the lane toll collection system, back office system, and customer service operations. The current 91 Express Lanes toll collection system will need to be replaced to meet the upcoming state tolling protocol standards and modernize the existing system. The existing back office system and customer service operations contract will be ending June 30, 2021, providing the opportunity to utilize the new 91 Express Lanes toll operations contract to also support the 405 Express Lanes, targeted to be operational in 2023, using a shared system and combined toll operations approach. Staff informed the Board of this approach on September 26, 2016. Currently, the Parsons scope of work for the 405 Express Lanes includes toll systems and operations procurement management, RFP development, implementation oversight, and post-implementation oversight work. It is requested to amend Parsons' scope of work so Parsons can provide these same services for the 91 Express Lanes.

Staff is evaluating Parsons' staffing levels to determine if the level is sufficient to provide the necessary DB contract oversight commensurate with OC 405 Partners' design and construction efforts. If there is a need to increase Parsons' level of effort, that request will be the subject of a future amendment.

Procurement Approach

The procurement was handled in accordance with OCTA Board-approved procedures for architectural and engineering professional services which conform to both state and federal laws. The original time and expense agreement, executed on March 3, 2014, was based on a scope of work of adding one general purpose lane in each direction and was issued in the

amount of \$57,059,657. This agreement was amended previously to handle administrative changes and to increase the maximum obligation of the agreement to a total value of \$87,040,186 for additional PMC services to support an expanded scope of work for the Project preferred alternative, and to extend the term of the agreement for an additional 24 months to allow for the completion of the additional work.

Staff negotiated the required level of effort with Parsons to provide additional PMC services and scope of work. Staff found Parsons' price proposal, in the amount of \$6,000,000, to be fair and reasonable relative to the negotiated level of effort. The approximate breakdown by each category of additional services is provided in the following table. Proposed Amendment No. 11 to Agreement No. C-2-1513, in the amount of \$6,000,000, will bring the total contract value to \$93,040,186.

Scope Description	Approximate Value
Additional support for coordination with utilities and agencies, including U.S. Navy, U.S. Army Corps of Engineers, Orange County Flood Control District, and Orange County Sanitation District.	\$1,588,204
Additional ROW support.	\$466,496
Additional financial and document management system support. Additional support for TIFIA loan pursuit.	\$2,145,300
Additional support for 91 Express Lanes procurement.	\$1,800,000
Total	\$6,000,000

Fiscal Impact

The additional services described in Amendment No. 11 are included in and proposed to be funded out of the Project contingency and will not increase the total project estimate of \$1.9 billion. The additional services described in this amendment are included in the approved OCTA's Fiscal Year (FY) 2017-18 Budget, Capital Programs Division, accounts 0017-9085-FK101-TZF and 0037-9018-A9510-TZF, and are funded with a combination of federal, state, and local funds. Local Measure M2 (M2) funds will be used for improvements specific to M2 Project K, and non-M2 funds will be used for improvements specific to the 405 Express Lanes. The additional costs for the 91 Express Lanes in this amendment is included in the approved OCTA FY 2017-18 Budget, Finance and Administration Division, Account 0036-7519-B0001-0D4, and is funded with 91 Express Lanes toll revenues.

Summary

Staff requests Board of Directors' approval for the Chief Executive Officer to negotiate and execute Amendment No. 11 to Agreement No. C-2-1513 with Parsons Transportation Group, Inc., in the amount of \$6,000,000, for additional program management consultant services for the Interstate 405 Improvement Project from State Route 73 to Interstate 605, bringing the total contract amount to \$93,040,186.

Attachment

- A. Parsons Transportation Group, Inc., Agreement No. C-2-1513 Fact Sheet

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