



October 1, 2018

To: Regional Planning and Highways Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Amendment to Agreement for Additional Program Management Consultant Services for the Interstate 405 Improvement Project Between State Route 73 and 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 between State Route 73 and Interstate 605. An amendment to the existing agreement is needed for additional support services for the Interstate 405 Improvement Project, as well as the 91 Express Lanes combined toll procurements and contracts.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 18 to Agreement No. C-2-1513 between the Orange County Transportation Authority and Parsons Transportation Group, Inc., in the amount of \$39,762,000, for additional program management consultant services for the Interstate 405 Improvement Project between State Route 73 and Interstate 605. The amendment will increase the maximum cumulative obligation of the agreement to a total contract value of \$132,802,186.

Discussion

On March 4, 2013, 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 between State Route 73 and Interstate 605 (Project). As part of the services provided under this agreement, Parsons has been 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,

toll procurements and contracts, third-party agreements, and oversight of DB construction.

On November 14, 2016, the OCTA Board of Directors (Board) awarded the DB contract to OC 405 Partners, a joint venture (OC405). OCTA executed the DB contract with OC405 and issued Notice to Proceed (NTP) No. 1 on January 31, 2017. On July 27, 2017, OCTA issued NTP No. 2 to OC405. NTP No. 2 was a full NTP for all activities, including construction.

A number of activities are ongoing as the final design continues and construction has been initiated. The final design is approximately 70 percent complete overall. OC405 began construction on March 6, 2018. Initial construction activities included restriping portions of the freeway, setting up concrete barriers on the outside of the freeway to protect work areas, tree removals, and rough grading activities. More significant roadway construction activities, such as paving operations, are anticipated to begin later this fall. Beginning with the closure and demolition of the McFadden Avenue bridge last month, the bridge construction will continue to ramp up this fall.

To support OCTA in procuring and managing the DB contract, OCTA procured the services of a PMC several years prior to hiring the DB contractor. The original PMC agreement's level of effort was estimated and included very limited efforts for certain scope items, as these were not fully developed or understood at the time of the original agreement. At this time, staff has a better understanding of the level of effort needed for the PMC to effectively provide the program management support necessary for successful delivery of the Project.

The original scope of work (SOW) considered limited PMC support for project management, construction management, and contract compliance to address contractual items such as response to, and resolution of, potential claims, cost estimating, processing of change orders, and overall contract compliance. Based on the change resolution process outlined in the contract, OC405 has filed a high number of potential change orders beyond what was originally anticipated in determining the original PMC level of effort. PMC support of OCTA's change management activities is critical to advancing the Project in a timely and cost-effective manner. Additional PMC support is also needed to support the communities and cities along the Project corridor through public outreach activities, as well as coordination efforts with the California Department of Transportation and other stakeholders.

The original SOW assumed the design period would span approximately 15 months, and the Project would be divided into large design segments for the purposes of design submittals. OC405's design period is currently 30 months

based on OC405's design resources and contractual requirements related to submittal metering, which is 15 months longer than originally assumed. Submittal metering is a contractual requirement based on lessons learned from other DB projects and allows OC405 to only submit a limited number of design submittals per week. This generally results in higher quality in the design submittal and a higher quality review, which results in fewer issues during construction. Due to the complexity of the Project, OC405 also elected to divide the Project into smaller design packages to allow an earlier start date for certain construction elements, as allowed by the contract. This has resulted in the need for additional PMC engineering support in terms of increased labor and time periods needed to review the increased number of design packages. In addition, increased PMC document controls and project controls support is needed to process the increased number of design and construction submittals. With the longer design period and increased number of design packages, the PMC is providing additional support to coordinate and expedite stakeholders' reviews and resolution of comments in order to avoid schedule delays.

The original SOW also assumed limited engineering support during design development. During the development of final design plans, the PMC provided various value engineering studies on the Project. These studies were targeted at complex risk areas of the Project, potentially resulting in significant schedule reduction and Project cost savings. In addition, the PMC took on engineering studies seeking solutions in areas of potential claims where the design-builder was not able to achieve the design within its SOW. The following are examples of the studies completed and the associated schedule and/or estimated cost benefits to OCTA:

Description	Benefits to OCTA	Schedule Savings	Cost Savings
Goldenwest Street/ Bolsa Avenue Interchange	Avoided significant additional ROW acquisition	Yes	\$16 million
Talbert Avenue Interchange	Avoided significant additional ROW acquisition	Yes	\$3 million
Euclid Street/Ellis Avenue Interchange	Avoided significant ROW acquisition from Orange County Sanitation District	No	\$21 million
Long Beach Gas and Oil/Southern California Edison gas line relocations on Navy property	Simplified complex utility relocations on Navy property	Yes	\$8 million

The four examples noted in the table above were all incorporated into the Project and provided significant benefits to OCTA. The amendment amount is offset by

cost savings that culminated from value engineering efforts performed by the PMC, which have resulted in savings and preserved Project contingency funding.

The original SOW was based on limited efforts for environmental commitment record compliance, environmental permit requirements, storm water and pollution prevention plan compliance, and environmental revalidations. The PMC is also providing additional support to ensure the Project's environmental compliance.

Finally, PMC services are needed to perform engineering studies in support of the 405 Express Lanes being constructed as part of the Project, along with the 91 Express Lanes. Specifically, the PMC will provide the design for the 405 Express Lanes Traffic Operations Center and server room located at the Santa Ana Bus Base.

The proposed amendment is in the amount of \$39,762,000, and with this amendment, the total PMC contract amount will be \$132,802,186.

Under a separate contract with OCTA for the Project, Jacobs Project Management Company is currently providing construction management consultant (CMC) support services, in the amount of \$34,056,297. As shown in the table below, with this proposed amendment to the PMC agreement, the combined PMC and CMC fees of \$166,858,483, as a percentage of total Project costs, is less than the average of similar DB highway projects in Southern California, such as the Riverside County Transportation Commission's State Route 91 (SR-91) and Interstate 15 (I-15) corridor improvement projects, and OCTA's previous DB project on State Route 22 (SR-22).

Project Name	PMC/CMC Fee	Total Project Cost	PMC/CMC Fee as Percentage (%) of Total Project Cost
I-405 (OCTA)	\$167	\$1,900	8.8%
SR-91 (RCTC)	\$140	\$1,300	10.8%
I-15 (RCTC)	\$51	\$490	10.4%
SR-22 (OCTA)	\$55	\$610	9.0%
Average PMC/CMC Fee			9.8%
Note: All fees and costs are in millions.			

The additional services described in Amendment No. 18 to Agreement No. C-2-1513 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 breakdown of the proposed amendment value of \$39,762,000, by each category of additional services, is provided in the following table:

Scope Description	Approximate Value
Additional Project Management	\$3,000,000
Additional Construction Oversight and Coordination	\$2,330,000
Additional Contract Compliance Support	\$7,000,000
Additional Project Controls and Document Controls Support	\$6,460,000
Additional Engineering Support – Extended Design Period	\$12,200,000
Value Engineering Studies	\$5,200,000
Additional Engineering Support – Stakeholder Support	\$1,000,000
Additional Environmental Compliance Support	\$2,100,000
Additional Engineering Studies – Express Lanes	\$472,000
Total	\$39,762,000

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 4, 2013, was based on a SOW adding one general purpose lane in each direction, and was issued in the amount of \$57,059,657. This agreement was amended previously as shown in Attachment A. To date, 17 amendments have been executed. Two of these amendments, Amendment No. 6 and Amendment No. 12, added funding as approved by the Board, which resulted in an increase to the maximum obligation of the agreement to a total current value of \$93,040,186. These two amendments were to support an expanded SOW for the Project preferred alternative, extend the term of the agreement for an additional 24 months to allow for the completion of the additional work, and provide support to the combined toll procurements for the existing 91 Express Lanes and the future 405 Express Lanes.

OCTA program and project management staff negotiated the required level of effort and scope of work with Parsons to provide for additional PMC services.

Staff found Parsons's price proposal, in the amount of \$39,762,000, to be fair and reasonable relative to the negotiated level of effort. Proposed Amendment No. 18 to Agreement No. C-2-1513, in the amount of \$39,762,000, will bring the total contract value to \$132,802,186.

Fiscal Impact

The additional services described in Amendment No. 18 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 amendment amount is offset by cost savings that culminated from value engineering efforts performed by the PMC, which have added monies to the contingency. The additional services described in this amendment are included in the approved OCTA Fiscal Year (FY) 2018-19 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 are included in the approved OCTA FY 2018-19 Budget, Finance and Administration Division, Account 0036-7519-B0001-0D4, and are 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. 18 to Agreement No. C-2-1513 with Parsons Transportation Group, Inc., in the amount of \$39,762,000, for additional program management consultant services for the Interstate 405 Improvement Project between State Route 73 and Interstate 605, bringing the total contract amount to \$132,802,186.

Attachment

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

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