



Bay Area Infrastructure Financing Authority
Bay Area Metro Center
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San Francisco, CA 94105
TEL 415.778.6700
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Memorandum

TO: BAIFA

DATE: June 21, 2017

FR: Executive Director

W. I. 6844

RE: I-880 Express Lanes

- i. BAIFA Resolution No. 9, Revised – Express Lane Program Expenditure Plan
- ii. Contract – I-880 Express Lanes Civil Construction: Flat Iron West (\$44,875,182 plus a contingency of \$10,739,546)

Staff seeks Authority approval to amend the Express Lane Program Expenditure Plan (Expenditure Plan) based on updates to the I-880 Express Lanes (Project). Staff also seeks approval for the Executive Director or his designee to award a contract for civil construction services to Flat Iron West (Flat Iron) in an amount not to exceed \$44,875,182 plus a contingency of \$10,739,546, subject to receipt of the construction permit from Caltrans, the approval of the Bay Area Toll Authority (BATA) FY 2017-18 budget, and amendment of the Expenditure Plan. Staff seeks approval to award to the second lowest bidder should the Flat Iron bid be found not responsive or Flat Iron found to be not responsible and to award to the third lowest bidder should the second lowest bid be found not responsive or the second lowest bidder be found to be not responsible.

Background

The Project will convert 51 miles of existing I-880 high-occupancy vehicle lanes to express lanes in Alameda County between Hegenberger Road/Lewelling Boulevard and the Santa Clara County Line. Civil roadway improvements include construction of new foundations for overhead signs, structures and lighting; installation of conduit, subsurface vaults and signs; reconstruction of median barriers; restriping freeway lanes; and paving to prevent pavement scarring. The Project also includes installation of fiber and connections to partner agency fiber and leased-line services for the backhaul communications network. In addition to the Project, Caltrans has secured separate funding for projects to replace the median barrier and to rehabilitate the pavement on I-880. To minimize the overall construction duration and impacts to the public, BAIFA agreed that Caltrans would install express lanes foundations as part of its median barrier replacement project (under construction since Spring 2016) and include express lanes paving in its paving project (to advertise later this year). This memorandum recommends award of the contract for the remaining civil construction work. Upon substantial completion of the civil work, BAIFA will install toll equipment under its existing Toll Systems Integrator Contract. The I-880 Express Lanes are projected to open in 2019. Caltrans has agreed to issue a construction permit prior to reaching an agreement with BAIFA on the terms of the Operations and Maintenance Agreement. The principal outstanding issue with the agreement is the cost-sharing formula for any needed reconstruction of the Express Lane in the future.

Expenditure Plan Modifications

In November 2016, subsequent to the last revision to the Expenditure Plan, staff revised the project scope to address new scope required by Caltrans for widening at access locations, lighting and overhead sign structures. At that time, staff reported a cost estimate of \$114,100,000 and advised that BAIFA might need to

adjust the expenditure plan based on the bids for the I-880 civil construction contract. In the past several months, staff updated the cost estimate to \$120,000,000 to reflect increased contingency for the backhaul communications network (based on lessons learned on I-680) and additional pavement work (based on agreement with Caltrans to avoid pavement scarring.) As described below, bids for the civil construction contract exceeded the engineer's estimate and staff recommends updating the Expenditure Plan, BAIFA Resolution No. 9, based on a revised cost estimate of \$132,466,000 for I-880.

To accommodate this cost increase, staff recommends adding \$23,891,000 to the Expenditure Plan, as shown in Attachment A. These funds have been in the BATA Express Lanes Capital Budget since it was established in FY 2013-14 but were previously not assigned within the Expenditure Plan. In addition, staff recommends transferring \$30,796,000 from Program Contingency to the I-880 Project, leaving a contingency of \$5,128,000. This remaining contingency is considerably lower than the \$18,100,000 estimated value of program risk in the most recent Quarterly Report. Staff plans to be diligent in managing cost and risk while seeking new funding opportunities.

Contractor Selection Process for I-880 Civil Construction Contract

BAIFA issued an Invitation for Bid (IFB) for I-880 Express Lanes Civil Construction on April 25, 2017 and held a bidders' conference on May 8, 2017. On June 13, 2017, three bids were received and opened at a public bid opening. Per the IFB, award, if made, shall be to the lowest responsible and responsive bidder factoring in the Small Business Enterprise (SBE) Bid Preference.

For bid comparison purposes, BAIFA's SBE Bid Preference grants a five percent discount to the total bid amount when certified SBE Prime Contractors perform at least forty percent of the work or when at least forty percent of the work is subcontracted to certified SBE firms. The use of a SBE Bid Preference does not alter the total amount of the bid submitted by a bidder or the contract executed. As set forth below, the five percent discount is applied to the Total Bid Amount (A) resulting in the SBE Bid Preference Amount (B), from which the Bid Rank (C) is determined.

Bidder	Location	Total Bid Amount (A)	SBE Bid Preference	Bid Amount with SBE Pref. (B)	Bid Rank (C)
Flat Iron West	Benicia, CA	\$44,875,182	Y	\$42,631,423	1
Bay Cities Paving & Grading	Concord, CA	\$43,934,898	N	\$43,934,898	2
DeSilva Gates Construction LP	Dublin, CA	\$44,700,777	N	\$44,700,777	3

All three bids are very close in price and are considerably higher than the engineer's estimate of \$35,300,000. The discrepancy is due largely to rapidly evolving market conditions, an environment not addressed well in the industry's standard process for developing the engineer's estimate. In the last several months demand for both public and private construction for electrical work and concrete, a large part of this contract, has grown quite rapidly. At the same time, the number of qualified firms specializing in electrical work has decreased. As such, staff does not see an opportunity to reduce costs by rebidding the contract.

Staff is requesting a contract contingency of \$8,975,036 (20% of the bid amount), to cover unknown project costs not in the scope of work, plus \$1,764,510 for supplemental work items, which are not in the scope of work but may be needed. The total contingency is \$10,739,546 for the top ranked bid. Attachment B includes a summary of Flat Iron and its project team's SBE and disadvantaged business enterprise status.

Recommendation

Staff recommends that the Authority i) Amend the Express Lane Program Expenditure Plan (BAIFA Resolution No. 9, Revised) based on updates to the Project and (ii) Authorize the Executive Director or his designee to, subject to receipt of the construction permit from Caltrans, the approval of the BATA FY 2017-18 budget, and amendment of the Expenditure Plan, award a contract for construction of the I-880 Express Lanes to:

- Flat Iron in an amount of \$44,875,182 and establish a contingency in the amount of \$10,739,546 to be used at the Executive Director or his designee's discretion for supplemental work items and changes not included in the scope of work;
- Bay Cities Paving & Grading in an amount of \$43,934,898 and establish a contingency in the amount of \$10,551,490 to be used at the Executive Director or his designee's discretion for supplemental work items and changes not included in the scope of work, in the event the bid from Flat Iron West is not responsive or that Flat Iron is determined not responsible; or
- DeSilva Gates Construction LP in an amount of \$44,700,777 and establish a contingency in the amount of \$10,704,665 to be used at the Executive Director or his designee's discretion for supplemental work items and changes not included in the scope of work, in the event the other two bids are not responsive or the bidders are determined not responsible.



Steve Heminger

SH: lk

Attachment

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Attachment A

Recommended Revisions to Express Lanes Program Expenditure Plan

Escalated dollars (rounded to 000s)

Costs include project capital and support as well as program policy, management and coordination

Line No.		Revised Expenditure Plan, December 2015 changes highlighted in yellow				Revised Expenditure Plan, June 2017 changes highlighted in yellow				Proposed Adjustment to BATA Express Lane Funds
		Cost	Regional Measure 2 (allocated)	BATA Express Lane Funds	Unmet Funding Need	Cost	Regional Measure 2 (allocated)	BATA Express Lane Funds	Unmet Funding Need	
	Conversions and Gap Closure Opportunity Projects (1)									
	Near-Term Conversions									
1	ALA-880	77,779		77,779	0	132,466		132,466	0	54,687
2	CC-680 Southern Segment	55,649		55,649	0	55,649		55,649	0	
3	CC-680 Northern Segment (Southbound HOV Completion and Conversion to Express Lanes) (2)	55,099	3,812	51,288	0	55,099	3,812	51,288	0	
4	SOL-80 (West and East segments combined) (3)	179,425	15,200	18,966	145,259	179,425	15,200	18,966	145,259	
5	Centralized Toll System Costs	33,574		33,574	0	33,574		33,574	0	
6	Program Costs: Planning, Coordination & Management	28,437		28,437	0	28,437		28,437	0	
7	Program Contingency	50,000		35,923	14,077	18,100		5,128	12,972	-30,796
8	Capitalized Start-up O&M (4)	16,000		16,000	0	16,000		16,000	0	
9	CC-680 Northbound Express Lane Completion (North Main Street to SR-242)	57,287			57,287	57,287			57,287	
	Future Conversions									
11	ALA/CC-80 and Westbound approaches to the Bay, San Mateo & Dumbarton Bridges	110,884	5,000	692	105,191	110,884	5,000	692	105,191	
12	CC-680 Northern Segment - Northbound Conversion	14,575	1,511		13,064	14,575	1,511		13,064	
13	Centralized & Program Costs& Start Up O&M - Gap Closures & Future Conversions	TBD				TBD			0	
14	Previously unallocated BATA Express Lanes Capital Budget funds			23,891						
	TOTAL	678,709	25,522	342,200	334,878	701,496	25,522	342,200	333,773	23,891

Notes (1) Other Gap Closure and Extension projects not shown: ALA-880 extension northbound from Lewelling to Hegenberger;

SOL-80 gap closure from Carquinez Bridge to Red Top Road; SOL-80 extension east of I-505; SOL-680 gap closure

(2) Represents the total for the HOV Completion and Conversion to Express Lanes, listed previously as two separate line items. The total cost represents BAIFA contribution toward the project and does not reflect other funds committed to the HOV Completion: Measure

(3) Represents the total for the West and East segments, listed previously as two separate projects. The project is funded through the design phase.

(4) A portion of the BAIFA funds will be transferred to the FY 2017-18 BAIFA Operating Budget for I-680 start up operations

Attachment B
Small and Disadvantaged Business Participation

Firm Name	Role on Project	DBE* Firm			SBE** Firm		
		Yes	If Yes, List #	No	Yes	If Yes, List #	No
Flat Iron West	General Contractor			X			X
OC Jones and Sons Inc	Subcontractor			X			X
Farwest Safety Inc	Subcontractor			X	X	6544	
Tennyson Electric Inc	Subcontractor			X	X	33555	
GreenVista Landscape	Subcontractor			X	X	41946	
Coral Construction	Subcontractor			X			X
Avar Construction	Subcontractor			X			X
Chrisp Company	Subcontractor			X			X

*Denotes certification by the California Unified Certification Program (CUCP).

**Denotes certification by the State of California.

REQUEST FOR AUTHORITY APPROVAL
Summary of Proposed Contract

Work Item No.:	6844
Contractor:	Flat Iron West (Benicia, CA) or Bay Cities Paving & Grading (Concord, CA) or DeSilva Gates Construction LP (Dublin, CA)
Work Project Title:	I-880 Express Lanes Civil Construction Project
Purpose of Project:	Construction of I-880 Express Lanes.
Brief Scope of Work:	Convert the existing I-880 high-occupancy vehicle lanes to express lanes between the Santa Clara County line and the Hegenberger Road/Lewelling Boulevard interchanges in Alameda County.
Project Cost Not to Exceed:	<ul style="list-style-type: none">• \$44,875,182 plus a total contingency of \$10,739,546 (comprised of \$8,975,036 for unknown project costs and \$1,764,510 for supplemental work items, if needed) if Flat Iron West is awarded the contract or• \$43,934,898 plus a total contingency of \$10,551,490 (comprised of \$8,786,980 for unknown project costs and \$1,764,510 for supplemental work items, if needed) if Bay Cities Paving & Grading is awarded the contract• \$44,700,777 plus a total contingency of \$10,704,665 (comprised of \$8,940,155 for unknown project costs and \$1,764,510 for supplemental work items, if needed) if DeSilva Gates Construction LP is awarded the contract
Funding Source:	BATA Express Lanes Capital Project Budget
Fiscal Impact:	Funding is included in the Express Lane Capital Project Budget, subject to adoption of the FY 2017-18 Toll Bridge Program Operating and Capital Budgets (BATA Resolution No. 122) and amendment of the Express Lane Program Expenditure Plan (BAIFA Resolution No. 9, Revised)
Motion by Authority:	<p>As described above and in the Executive Director's Memorandum dated June 21, 2017, that the Executive Director or his designee is authorized to award a contract for construction of the I-880 Express Lanes to:</p> <ul style="list-style-type: none">• Flat Iron West in an amount of \$44,875,182 and establish a contingency in the amount of \$10,739,546; or• Bay Cities Paving & Grading in an amount of \$43,934,898 and establish a contingency in the amount of \$10,551,490, in the event the bid from Flat Iron West is not responsive or Flat Iron West is determined not responsible; or• DeSilva Gates Construction LP in an amount of \$44,700,777 and establish a contingency in the amount of \$10,704,665, in the event the other two bids are not responsive or the other bidders are determined not responsible; and <p>That the Executive Director or his designee is authorized to use contingency funds at his discretion as described above and in the Executive Director's Memorandum dated June 21, 2017; and</p>

That the Chief Financial Officer is directed to set aside funds for such contract and contingency in the amounts stated herein, subject to approval of the FY 2017-18 BATA budget and amendment of the Express Lane Program Expenditure Plan.

BAIFA:

Jake Mackenzie, Chair

Approved:

Date: June 28, 2017

Date: June 24, 2015
W.I.: 6840
Referred by: BAIFA
Revised: 12/16/15-BAIFA
06/28/17-BAIFA

ABSTRACT

BAIFA Resolution No. 9, Revised

This resolution establishes an expenditure plan for the Express Lane Program funds in the BATA Capital Budget.

This resolution was revised on December 16, 2015 to shift funds from line items for Program Contingency and Centralized Toll System Costs to the line item for CC-680 Southern Segment in order to fully fund the Backhaul for the CC-680 Southern Segment express lane.

This resolution was revised on June 28, 2017 to add funds to the Expenditure Plan and shift funds from the line item for Program Contingency to the line item for the ALA-880 Express Lanes.

Discussion of this item can be found in the Executive Director's Memoranda to the Authority dated June 17, 2015, December 9, 2015 and June 21, 2017.

Date: June 24, 2015
W.I.: 6840
Referred by: BAIFA

RE: Express Lane Program Expenditure Plan

BAY AREA INFRASTRUCTURE FINANCING AUTHORITY
RESOLUTION NO. 9

WHEREAS, the Metropolitan Transportation Commission (“MTC”) and the Bay Area Toll Authority (“BATA”) have executed a joint exercise of powers agreement dated as of August 1, 2006, as amended, which creates and establishes the Bay Area Infrastructure Financing Authority (“BAIFA”); and

WHEREAS, the Metropolitan Transportation Commission (“MTC”) has requested that the Bay Area Infrastructure Financing Authority (“BAIFA”) assist MTC in the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction; and

WHEREAS, the BATA Capital Budget and Long-Range Plan includes funding for Express Lanes projects; and

WHEREAS, BAIFA wishes to establish an Express Lane Program Expenditure Plan to direct such funding to Express Lanes projects on the I-80, I-680 and I-80 corridors in Alameda, Contra Costa, and Solano Counties, now; therefore, be it

RESOLVED, that BAIFA directs the available funding as shown in the Express Lane Program Expenditure Plan in Attachment A to implement express lanes on the I-80, I-680 and I-880 corridors in Alameda County, Contra Costa County and Solano County.

BAY AREA INFRASTRUCTURE FINANCING
AUTHORITY

Dave Cortese, Chair

The above resolution was entered into by
the Bay Area Infrastructure Financing Authority
at a regular meeting of the Authority held in
Oakland, June 24, 2015.

Date: June 24, 2015
W.I.: 6840
Referred by: BAIFA
Revised: 12/16/15-BAIFA
06/28/17-BAIFA

Attachment A
BAIFA Resolution No. 9
Page 1 of 1

Express Lane Program Expenditure Plan

Escalated dollars (rounded to 000s)

Costs include project capital and support as well as program poli

Line No.		Cost	Regional Measure 2 (allocated)	BATA Express Lane Funds	Unmet Funding Need
	Conversions and Gap Closure Opportunity Projects (1)				
	Near-Term Conversions				
1	ALA-880	132,466		132,466	0
2	CC-680 Southern Segment	55,649		55,649	0
3	CC-680 Northern Segment (Southbound HOV Completion and Conversion to Express Lanes) (2)	55,099	3,812	51,288	0
4	SOL-80 (West and East segments combined) (3)	179,425	15,200	18,966	145,259
5	Centralized Toll System Costs	33,574		33,574	0
6	Program Costs: Planning, Coordination &	28,437		28,437	0
7	Program Contingency	18,100		5,128	12,972
8	Capitalized Start-up O&M (4)	16,000		16,000	0
9	CC-680 Northbound Express Lane Completion (North Main Street to SR-242)	57,287			57,287
	Future Conversions				
11	ALA/CC-80 and Westbound approaches to the Bay, San Mateo & Dumbarton Bridges	110,884	5,000	692	105,191
12	CC-680 Northern Segment - Northbound Conversion	14,575	1,511		13,064
13	Centralized & Program Costs& Start Up O&M - Gap Closures & Future Conversions	TBD			0
	TOTAL	701,496	25,522	342,200	333,773

Notes (1) Other Gap Closure and Extension projects not shown: ALA-880 extension northbound from Lewelling to Hegenberger;

SOL-80 gap closure from Carquinez Bridge to Red Top Road; SOL-80 extension east of I-505; SOL-680 gap closure

(2) Represents the total for the HOV Completion and Conversion to Express Lanes, listed previously as two separate line items.

The total cost represents BAIFA contribution toward the project and does not reflect other funds committed to the HOV Completion: Measure J (\$37M), RM2 (\$13M), STIP (\$16M)

(3) Represents the total for the West and East segments, listed previously as two separate projects.

The project is funded through the design phase.

(4) A portion of the BAIFA funds will be transferred to the FY 2017-18 BAIFA Operating Budget for I-680 start up operations.