



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000  
metro.net

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**CONSTRUCTION COMMITTEE  
JANUARY 17, 2013**

**SUBJECT: REGIONAL CONNECTOR TRANSIT CORRIDOR PROJECT**

**ACTION: AUTHORIZE BID STIPEND AGREEMENTS**

**RECOMMENDATION**

Authorize the Chief Executive Officer (CEO) to enter into a bid stipend agreement with each of the pre-qualified proposers for the Regional Connector Transit Corridor Project in an amount of \$1,000,000 per stipend agreement for unsuccessful responsive proposers. Upon contract award to the successful responsive and responsible proposer, the common construction industry practice is to pay a stipend to each unsuccessful responsive proposer because of the high cost of producing a competitive and comprehensive engineering and cost proposal.

**ISSUE**

Board approval is necessary to authorize the CEO to enter into bid stipend agreements for Contract CO980 Regional Connector Transit Corridor Project to compensate each of the unsuccessful responsive proposers and to purchase their work products, which may include, but not limited to, alternative technical concepts, which in turn will entitle Metro to use all of the work products in implementing the Project.

**DISCUSSION**

In July 2011, the Board authorized the use of a design-build contracting approach for the Regional Connector Transit Corridor Project. The Request for Qualifications (RFQ) was issued in August 2012 and the Request for Proposals (RFP) will be issued in December 2012. As part of the contract terms and conditions, a stipend is recommended to be included.

In February 2012, the Board approved an amount of \$1,000,000 per stipend agreement for unsuccessful responsive proposers for the Crenshaw/LAX Transit Corridor Project. The estimated cost of the Regional Connector Transit Corridor Project design/build

contract is within the range of the Crenshaw/LAX Transit Corridor Project major design/build contract, for which the stipend agreement was approved.

It is estimated that the preparation of a proposal for the size of this contract may cost upwards of four to six million dollars per proposer. Stipends will not only encourage more proposers, but the resulting work products, which may include, but not limited to alternative technical concepts, will become the property of Metro. These work products often result in cost saving features that may be subsequently incorporated into the construction contracts, resulting in a lower overall project cost.

Should Metro decide not to award the design/build contract after proposals have been submitted, the top responsive, qualifying proposer shall also be awarded a stipend in the amount of \$1,000,000.

### **DETERMINATION OF SAFETY IMPACT**

This Board action will not have an impact on established safety standards for Metro's construction projects.

### **FINANCIAL IMPACT**

Funds are included in FY13 budget for this action under Measure R Project 860228 (Regional Connector Transit Corridor Project), in Cost Center 8510 (Construction Project Management), and Account No. 53101 (Acquisition – Building and Structure) Since this is a multi-year project, the Executive Director of Transit Project Delivery and the Project Manager will be responsible for budgeting costs in future years.

#### **Impact to Budget**

The source of funds for this action is TCRP Cash. The FY13 funds are designated for Capital Projects and do not have an impact to operations funding sources. These funds were assumed in the LRTP for the Regional Connector Transit Corridor Project. This project is not eligible for Propositions A and C funding (due to the proposed tunneling element of the project) and are not eligible for Measure R funding at this time. Measure R funds become available in FY14 and continue through FY20. No other funds were considered.

### **ALTERNATIVES CONSIDERED**

The Board may reject the recommendation to compensate each of the qualified unsuccessful responsive proposers to defray some of the costs of preparing a proposal,


but this may limit the competition and would not allow MTA to take advantage of their work products and innovation, which may reduce overall project cost.

**NEXT STEPS**

Upon Board approval, stipends will be included as part of the solicitation documents for RFP CO980, Regional Connector Transit Corridor Project. Stipend agreements will be completed with all responsive, responsible Proposers.

Prepared by: Girish Roy, Deputy Executive Officer and Project Manager (213) 922-7221  
Rick Wilson, Director Project Control (213) 922-7339

  
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for Krishniyah N. Murthy  
Executive Director, Transit Project Delivery

  
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Arthur T. Leahy  
Chief Executive Officer