



Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2015-0213

**CONSTRUCTION COMMITTEE
MAY 21, 2015**

SUBJECT: WESTSIDE PURPLE LINE EXTENSION SECTION 2 PROJECT

ACTION: AUTHORIZE BID STIPEND AGREEMENTS

RECOMMENDATION

Authorize the Chief Executive Officer (CEO) to enter into a stipend agreement with each of the pre-qualified proposers for the Westside Purple Line Extension Section 2 Project, in an amount of \$1,500,000, per stipend agreement for the unsuccessful responsive and responsible proposers.

ISSUE

Board approval is necessary to authorize the CEO to enter into stipend agreements for Contract C1120, for the final design and construction of the Westside Purple Line Extension Section 2 Project. The common construction industry practice is to pay a stipend to each unsuccessful responsive and responsible proposer because of the high cost of producing a competitive and comprehensive proposal.

Stipend agreements will allow compensation to each of the unsuccessful responsive and responsible proposers and to purchase their work products, which may include, but not limited to, technical concepts, which in turn will entitle Metro to use any of the work products in implementing the Project.

DISCUSSION

In January 2013, the Board approved an amount of \$1,500,000 per stipend agreement for unsuccessful responsive proposers for Section 1 of the Westside Purple Line Extension Project. The estimated cost of the design/build contract for Section 2 of the Westside Purple Line Extension Project is estimated to be within the same range of the major design/build contract for Section 1.

In January 2015, the Board authorized the use of a design/build contracting approach for the Westside Purple Line Extension Section 2 Project. The Request for Qualifications/Request for Proposal (RFQ/RFP) is scheduled to be issued in September 2015. As part of the solicitation package, a stipend agreement is recommended to be included.

It is estimated that the preparation of a proposal for the size of this contract may cost upwards of five

to seven million dollars per proposer. Stipends will not only encourage more proposers to compete, but the resulting work products, which may include, but not limited to 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, all qualifying proposers shall be paid the stipend in the amount of \$1,500,000.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The Westside Purple Line Extension Section 2 Project (865522) is included in the FY16 budget, in Cost Center 8510 (Construction Project Management), and Account No. 53101 (Acquisition of Building and Structure). Since this is a multi-year project, the Executive Director of Engineering and Construction and the Project Manager will be responsible for budgeting costs in future years.

Impact to Budget

The source of funds for the recommended action is Measure R 35%. The approved FY16 budget is designated for the Westside Purple Line Extension Section 2 Project and does not have an impact to operations funding sources. These funds were assumed in the Long Range Transportation Plan for the Westside Purple Line Extension Section 2 Project. This Project is not eligible for Propositions A and C funding due to the proposed tunneling element of the Project. 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, a stipend agreement will be included as part of the solicitation documents for RFQ/RFP C1120, Westside Purple Line Extension Section 2 Project. Stipend agreements will be executed with all responsive, responsible proposers.

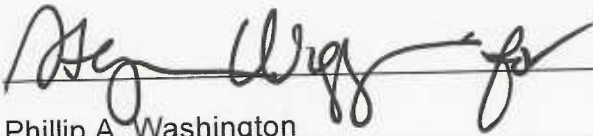
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