

MARCH 20, 1997
REVISED: APRIL 8 1997

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TO: BOARD OF DIRECTORS

FROM: LINDA BOHLINGER *Linda Bohlinger*
INTERIM CHIEF EXECUTIVE OFFICER

SUBJECT: APPROVE CHANGE ORDER AND INCREASE
AUTHORIZATION FOR EXPENDITURE FOR TUNNEL
GUIDANCE SYSTEM FOR LINE SECTION, NORTH
HOLLYWOOD STATION TO UNIVERSAL CITY
STATION, METRO RED LINE, NORTH HOLLYWOOD
CORRIDOR

Los Angeles County
Metropolitan
Transportation
Authority

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RECOMMENDATION

Approve:

- a) Change Order No. 34.00 to Contract No. C0331 for Tunnel Line Section from North Hollywood to Universal City with Obayashi Corporation, in the amount of \$504,300 for the Tunnel Shield Guidance System; and
- b) An increase to the Authorization for Expenditure (AFE) in the amount of \$504,300 for a total revised AFE of \$88,936,978.

Within Construction Committee authority: Yes No

ORGANIZATIONAL IMPACT

This action will provide a potential cost reduction to the Metro Red Line East Side Project. The transfer of title for the Tunnel Shield Guidance System from Obayashi to MTA will allow staff to offer contractors the opportunity to utilize this equipment for the Segment 3 East Side Tunnel Projects, reducing their costs to the MTA.

BUDGET IMPACT

Funds for this action are available within the Board approved project budget of \$1,313,848,000. This recommended action will increase the current contract value of \$85,431,846 by \$504,300 to \$85,936,146. Final forecast cost for this contract, including in-process and anticipated changes is \$105,397,995. Project contingency will be reduced by \$504,300; Fiscal Year budget and Sources of Funds are not impacted. Current status of the contract, including the impact of this recommended action and forecast, is shown in Attachment 1.

Potential for Cost Recovery: Yes No

ALTERNATIVES CONSIDERED

The Board has the option to withhold approval for this item. In that event, possession and title for the Tunnel Shields Guidance System would remain with Obayashi Corporation under the terms of their fixed price contract. Disapproval could also result in a contractor claim.

BACKGROUND

At the March meeting, the Construction Committee requested Legal Counsel review this item prior to board action. Counsel's conclusions are summarized in Attachment 4 to this report. Contract No. C0331 is a fixed-price, federally-funded procurement for the construction of the Line Section from North Hollywood to Universal City. The work includes boring and finishing existing twin tunnel line structures, cross-passages, mid-line vent structures, and excavation of support structures at the North Hollywood Crossover. Detailed information regarding the change action is provided in Attachment 2.

SMALL BUSINESS PARTICIPATION

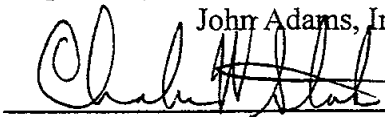
The DBE goal for this contract is 12%; current DBE participation is at 13.21%. Attachment 3 provides additional detail.

ATTACHMENTS

1. Contract Value Statement
2. Additional Background
3. Small Business Participation
4. Summary of Legal Counsel Conclusions

Prepared by: Bruce Warrensford, Manager of Contracts

John Adams, Interim Deputy Executive Officer, MRL, Segment 3



Charles W. Stark

Interim Executive Officer, Construction

ATTACHMENT 1
CONTRACT VALUE STATUS
R82 Metro Red Line - Segment 3 - N
CHANGE ORDER : C0331-CO-34.00

CONTRACTOR: ODAYASHI CORPORATION - UNIVERSAL CITY TO NORTH HOLLYWOOD - TUNNEL
CHANGE TITLE: TUNNEL SHIELDS GUIDANCE SYSTEM

CONTRACT VALUE STATUS

| | | |
|----|-----------------------------------|-----------------|
| 1. | CONTRACT AWARD AMOUNT: | \$65,400,000.00 |
| 2. | PREVIOUSLY EXECUTED CHANGES: | (\$374,595.72) |
| 3. | CURRENT CONTRACT VALUE: (1 + 2) | \$65,025,404.28 |
| 4. | AUTHORIZED WACN'S (NTE): | \$24,106,092.00 |
| 5. | OBLIGATED CONTRACT VALUE: (3 + 4) | \$89,131,496.28 |
| 6. | VALUE OF THIS CHANGE: | \$504,300.00 |
| 7. | ESTIMATED CONTRACT VALUE: (5 + 6) | \$89,635,796.28 |

AUTHORIZED FOR EXPENDITURE STATUS

INCREASE IN AFE REQUIRED/REQUESTED:

| | | | |
|-----|--|-------------------|---|
| 8. | MTA APPROVED AFE: | \$88,432,678.00 | Award + 35.22% |
| 9. | ESTIMATED CONTRACT VALUE: (Line 7) | \$89,635,796.28 | |
| 10. | REMAINING AFE (Actual 8-9) | (\$1,203,118.28) | \$1,203,118.28 For current actual costs |
| 11. | OTHER PENDING CHANGES (merited) | (\$232,070.07) | |
| 12. | REMAINING AFE (w/CHANGES 10-11) | (\$971,048.21) | \$971,048.21 For pending changes |
| 13. | TRENDS AND CONTINGENCIES (pending merit finding) | \$15,994,268.79 | |
| 14. | REMAINING AFE: (w/TRENDS 12-13) | (\$16,965,317.00) | \$16,965,317.00 For possible changes |

CONTRACT BUDGET STATUS

| | | | |
|-----|--|------------------|--|
| 15. | CURRENT CONTRACT BUDGET: | \$98,904,200.00 | |
| 16. | FORECAST CONTRACT VALUE: (9 + 11 + 13) | \$105,397,995.00 | For all potential changes. To be funded from unallocated Project |
| 17. | REMAINING CONTRACT BUDGET: (15-16) | (\$6,493,795.00) | contingency if necessary. |

CONTRACT INCREASE PERCENTAGES

| | | |
|-----|---|---------|
| 18. | % OF ORIGINAL AWARD VALUE (THIS CHANGE) | 0.771% |
| 19. | % OF ORIGINAL AWARD VALUE (MERITED CHANGES) | 35.932% |
| 20. | % OF ORIGINAL AWARD VALUE (ALL CHANGES) | 61.159% |
| 21. | % CONTRACT COMPLETE: | 29% |

REVIEWED BY MTA PROGRAM CONTROL: T. WILKENS, PROGRAM CONTROL

T. Wilkens

DATE: 2/28/97

! TREND items may be found to have no merit or be of a lesser value

ATTACHMENT 2
Background (continued)

In October 1993, LACMTA awarded contract C0331 for the Universal City to North Hollywood tunnel to Obayashi Corporation. The contract scope of work called for installation of a tunnel guidance system to enhance tunnel alignment; Obayashi met this requirement by providing a system which incorporated manual data entry with computerized survey programs. LACMTA construction and engineering personnel rejected Obayashi's approach, citing several instances where the use of non-continuous readouts such as those provided by manual entry devices resulted in alignment deviations during tunnel construction, particularly in those tunneling projects where re-mining was necessary.

Discussions ensued between the parties, with Obayashi insisting that their approach was sufficient and LACMTA personnel remaining adamant that a continuous readout system was required. Eventually, staff made the decision to unilaterally direct installation of a fully automated system, but agreed that Obayashi had interpreted requirements within the parameters of the work scope description and should be compensated for the cost difference between their original proposed approach and the system preferred by MTA.

ATTACHMENT 3
Small Business Participation

This project calls for the construction of the North Hollywood Tunnel by the Obayashi Corporation. Construction of the tunnel is 54% complete and the contract has an established DBE participation goal of 12%.

The contract was awarded on October 27, 1993 and Notice to Proceed was issued on December 1, 1993. The original amount of the contract was \$65,400,000 and the current value is \$85,440,000.

The Contractor has achieved a participation level of 13.21% by utilizing five (5) DBE Subcontractors; Intra America Foundation (P/C Deck and Segments for 7.53%); Carr Trucking (Trucking for 3.21%); Valverde Construction (Utility Change Order Work for 2.02%); Comet Electric (Traffic Signal & Change Order Work for 0.27%) and Thomas Crane & Trucking (Sound Barriers/Change Order Work for 0.18%).

Currently, there has been no problems between the DBE Subcontractors and the Prime Contractor. The Prime Contractor is exceeding the DBE participation goal and may exceed the goal by contract completion.

ATTACHMENT 4
SUMMARY OF LEGAL COUNSEL CONCLUSIONS

Pursuant to the request of the Committee, both Legal Counsel and staff from the Office of Procurement have reviewed this item. They have jointly concluded that the action recommended by Construction staff is a reasonable approach to resolving the technical interpretation dispute which existed between the Contractor and the MTA over the computerized guidance system.