



COMMITTEE TRANSMITTAL

November 14, 2016

To: Members of the Board of Directors
From: Laurena Weinert, ^{Lu} Clerk of the Board
Subject: Award of Design-Build Contract for the Interstate 405 Improvement Project

Regional Planning and Highways Committee Meeting of November 7, 2016

Present: Directors Bartlett, Donchak, Lalloway, Miller, Nelson, and Ury
Absent: Directors Do and Spitzer

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-5-3843, between the Orange County Transportation Authority and OC 405 Partners, a joint venture, a responsive and responsible proposer, in the amount of \$1,217,065,000, for the design and construction of the Interstate 405 Improvement Project through a design-build contract.
- B. Authorize the Chief Executive Officer to execute a stipend agreement with Shimmick/Tutor-Perini/Michels, a joint venture, and Skanska/Flatiron, a joint venture, the unsuccessful proposers, upon meeting the requirements specified in the request for proposals.
- C. Approve an amendment to the Orange County Transportation Authority's Fiscal Year 2016-17 Revenue and Expenditure Budget, in the amount of \$1,147,065,000, to accommodate for the design-build costs associated with the Interstate 405 Improvement Project.
- D. Adopt this staff report as the written decision supporting the award of the design-build contract, pursuant to such requirements by Assembly Bill 401 (Chapter 586, Statutes of 2013).



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Award of Design-Build Contract for the Interstate 405
Improvement Project**

Staff Report



November 7, 2016

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Award of Design-Build Contract for the Interstate 405 Improvement Project

Overview

On March 28, 2016, the Orange County Transportation Authority Board of Directors authorized staff to release a request for proposals to the three qualified design-build teams previously short-listed for the design and construction of the Interstate 405 Improvement Project. Three proposals were received and evaluated. Staff requests Board of Directors' approval to award the design-build contract to the best-value proposer.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-5-3843, between the Orange County Transportation Authority and OC 405 Partners, a joint venture, a responsive and responsible proposer, in the amount of \$1,217,065,000, for the design and construction of the Interstate 405 Improvement Project through a design-build contract.
- B. Authorize the Chief Executive Officer to execute a stipend agreement with Shimmick/Tutor-Perini/Michels, a joint venture, and Skanska/Flatiron, a joint venture, the unsuccessful proposers, upon meeting the requirements specified in the request for proposals.
- C. Approve an amendment to the Orange County Transportation Authority's Fiscal Year 2016-17 Revenue and Expenditure Budget, in the amount of \$1,147,065,000, to accommodate for the design-build costs associated with the Interstate 405 Improvement Project.
- D. Adopt this staff report as the written decision supporting the award of the design-build contract, pursuant to such requirement by Assembly Bill 401 (Chapter 586, Statutes of 2013).

Discussion

As approved at the October 27, 2014 Orange County Transportation Authority (OCTA) Board of Directors (Board) meeting, the procurement plan for the Interstate 405 (I-405) Improvement Project (Project) is based upon a two-step procurement process resulting in a best-value selection authorized by Assembly Bill (AB) 401 (Chapter 586, Statutes of 2013). AB 401 codified design-build (DB) delivery method in Section 6820 through Section 6829 of the California Public Contract Code and Section 91.2 of the Streets and Highways Code that became effective January 1, 2014, and remains effective until January 1, 2024. The procurement plan for the Project has strictly followed the requirements of AB 401.

OCTA staff, general counsel, and OCTA's program management consultant reviewed these legal statutes and the advantages and disadvantages of the methods by which OCTA can award a DB contract. The team concluded that the two-step procurement process utilizing best-value selection and contract award, as allowed by the Federal Highway Administration (FHWA) and described in detail in AB 401, is the overall best method for the procurement and award of the DB contract. This is similar to the DB procurement method OCTA employed on the State Route 22 widening project, and with the method recently used by the Riverside County Transportation Commission (RCTC) to widen State Route 91.

On April 27, 2015, the Board directed staff to release the revised Request for Qualifications (RFQ) 4-1595 for the design and construction of the Project. The RFQ was revised to reflect the Board's decision to implement the full Project, which entails adding one general purpose lane in each direction from Euclid Street to Interstate 605 (I-605), consistent with Measure M2 (M2) Project K, and adding an additional lane in each direction that would combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction on I-405 from State Route 73 to I-605.

On November 9, 2015, the Board approved the short-listing of four qualified DB teams and the release of draft Request for Proposals (RFP) 5-3843 to the four short-listed teams for the design and construction of the Project. One team withdrew from the procurement process, leaving three qualified short-listed teams. Based on industry input and further coordination with stakeholders, staff finalized the RFP.

On March 28, 2016, the Board directed staff to release RFP 5-3843 for the design and construction of the Project through a DB contract. The RFP was released to the three remaining qualified and short-listed teams. On the same date, the Board also approved the evaluation criteria, weightings, and best-value selection process for the RFP, as well as the stipend amount.

Project Cost Estimate

As part of the initial finance plan approved by the Board on May 23, 2016, the project cost estimate is \$1.9 billion. One of the major factors in the project cost estimate is the DB costs or bid amount. The previous cost estimate included an engineer’s estimate for the DB costs and a contingency for the DB costs. A portion of the contingency for the DB costs was for potential market variability in the bids received due to increased construction activity and pricing pressures in the construction industry. Although the DB bid amount was slightly higher than the engineer’s estimate, this can be accommodated within the contingency assumed for potential market variability. Therefore, the current project cost estimate remains at \$1.9 billion. The following table is a comparison of the previous project estimate and current project cost estimate using actual DB costs:

Description	Previous Project Cost Estimate	Current Project Cost Estimate
DB Costs	\$1,186,000,000	\$1,217,065,000
Contingency for DB Costs	\$130,000,000	\$98,935,000
Subtotal DB Costs	\$1,316,000,000	\$1,316,000,000
OCTA Costs*	\$484,000,000	\$484,000,000
Contingency for OCTA Costs	\$100,000,000	\$100,000,000
Subtotal OCTA Costs	\$584,000,000	\$584,000,000
Total Project Costs	\$1,900,000,000	\$1,900,000,000

* OCTA Costs include right-of-way, utilities, support, and other costs

Procurement Approach

The selection of a DB team to design and construct the Project has been accomplished through a two-step procurement process. The first step, the RFQ, was used to develop a short-list of the responsive and qualified teams. The second step, the RFP, was issued to the short-listed and qualified teams to submit proposals for OCTA’s evaluation and selection of a best-value DB team for the Project, as authorized by AB 401. Due to the nature and magnitude of the Project, the teaming relationships are joint ventures as opposed to prime-subcontractor relationships. Following is a more detailed discussion of the two steps utilized in this procurement.

Step 1 – RFQ

The first step consisted of issuing the RFQ, requesting statements of qualifications (SOQs), and developing a short-list of qualified DB teams in accordance with AB 401 requirements and OCTA’s procurement policies and procedures.

OCTA received SOQs from four DB teams. The process of evaluating the four SOQs was done in two parts, a compliance review and technical evaluation, as follows:

1. Compliance review of SOQs was conducted using pass/fail criteria in the areas of financial capacity, legal structure, and safety program as described in the RFQ. The submittals were reviewed by a team of legal, procurement, engineering, and safety professionals. All four submittals were responsive to the requirements of the RFQ in this area and passed the compliance review. The four submittals were then advanced to the technical evaluation part of the evaluation process.
2. Technical evaluation of the SOQs that passed the compliance review was conducted using the technical scored categories described in the RFQ, and listed below:
 - Firm Experience
 - Past Performance
 - Proposer Organization and Key Personnel
 - Project Understanding and Approach
 - Quality Management Program

All four SOQs were reviewed by an evaluation committee comprised of high-ranking professionals from OCTA, California Department of Transportation (Caltrans) District 12, RCTC, and two of the corridor cities. The evaluation committee found all four DB teams qualified to carry out the requirements of the Project.

On November 9, 2015, the Board approved the short-listing of the following qualified DB teams:

OC 405 Partners
Orange County Corridor Constructors
Shimmick/Tutor-Perini
Skanska/Flatiron

The short-listing of the qualified DB teams concluded the first step of the two-step, best-value award process. In January 2016, the Orange County Corridor Constructors team informed OCTA of the team's withdrawal from the procurement process, leaving three qualified short-listed DB teams.

Step 2 – RFP

To initiate the second step of the DB procurement process, each of the qualified short-listed DB teams received a copy of the draft RFP following Board approval of the short-list in November 2015. OCTA held two sets of one-on-one meetings with each of the short-listed DB teams to solicit comments and feedback on the draft RFP in order to make informed decisions about risk allocation in the RFP. The input from the DB teams was considered and incorporated, as appropriate, into the final RFP.

On March 28, 2016, the Board directed staff to release the final RFP to the three remaining qualified and short-listed teams. The approved RFP included the form of contract and a stipulation that, by submitting a proposal in response to this RFP, each proposer committed to enter into the contract without negotiations or variations. The Board also approved the evaluation criteria, weightings, and best-value selection process for the RFP.

After release of the RFP, four one-on-one meetings with each of the DB teams were held to help further the teams' understanding of the Project's scope of work and schedule, and elicit input from the teams regarding project risks and cost drivers.

Technical, financial, and price proposals were received from the following short-listed DB teams, in accordance with the deadlines prescribed by the RFP:

OC 405 Partners
Shimmick/Tutor-Perini/Michels
Skanska/Flatiron

The composition of the DB teams is included in Attachment A.

Evaluation of Proposals and Best-Value Determination

The evaluation process created a fair and uniform basis for the evaluation of the proposals submitted by the DB teams.

Each technical proposal was evaluated as to whether the requirements of the RFP were met. As part of this evaluation, a pass/fail responsiveness evaluation was conducted on all of the proposals, including an evaluation of the teams' financial and legal standing. All three teams passed this pass/fail evaluation.

The technical proposals were then reviewed and scored based on the following Board-approved criteria and weights:

-
- Technical Approach 60 percent
 - Project Delivery Approach 30 percent
 - Quality Management Plan 10 percent

All three technical proposals were reviewed by an evaluation committee comprised of high-ranking professionals from OCTA, Caltrans District 12, RCTC, and two of the corridor cities. The evaluation committee was supported by technical review committees, which were comprised of subject matter experts who reviewed the technical proposals for strengths and weaknesses in their areas of expertise. Forty individuals served on the technical review committees, representing OCTA, OCTA's program management consultant, and Caltrans.

Financial and price proposals were received separately from the technical proposals as required by the RFP.

Financial proposals consisted of proposer's financial condition and capabilities, and Disadvantaged Business Enterprise certification and performance plan. The financial proposals were evaluated as to whether the requirements of the RFP were met through the pass/fail evaluation process and all financial proposals passed.

The price proposals consisted of the pricing information and proposal bonds. After the technical proposals were scored, the OCTA Deputy Chief Executive Officer and the OCTA Director of Contracts Administration and Materials Management opened the price proposals to obtain the price submitted by each proposer. The price was then used to arrive at the total proposal score (TPS) for each proposer.

A best-value selection is an award to the proposer whose proposal is determined by OCTA to offer the best value to the public in terms of price and objective technical criteria.

The best-value determination is based on a 100-point scale. The price score (PS) represented a maximum of 70 points of the TPS, and the technical score (TS) represented a maximum of 30 points of the TPS, as approved by the Board on March 28, 2016. The best value is represented by the highest TPS, computed using the following formula:

$$\text{TPS (max 100 points)} = \text{PS (max 70 points)} + \text{TS (max 30 points)}$$

Where the PS and TS are computed as follows:

$$PS = (Price_{Low}/Price) * 70, \text{ where}$$

Price_{Low} = lowest proposal price submitted by any proposer
 Price = proposer's proposal price

$$TS = (Technical/Technical_{High}) * 30, \text{ where}$$

Technical = proposer's technical proposal score
 Technical_{High} = highest technical proposal score submitted by any proposer

Price Score

The following table utilizes the PS equation above to compute each proposer's PS:

Proposer	Proposer's Price	Computed Price Score
OC 405 Partners	\$1,217,065,000	70.00
Shimmick/Tutor-Perini/Michels	\$1,553,792,200	54.83
Skanska/Flatiron	\$1,489,700,000	57.19
Engineer's Estimate = \$1,186,000,000		

OC 405 Partners' price is within 2.6 percent, or \$31,065,000, of the engineer's estimate and is considered by staff to be fair and reasonable. Shimmick/Tutor-Perini/Michels' price is within 31.0 percent, or \$367,792,200, of the engineer's estimate. Skanska/Flatiron's price is within 25.6 percent, or \$303,700,000, of the engineer's estimate. Prices higher than the engineer's estimate are likely attributable to risks allocated to the DB team and a rebound in the construction industry as a whole.

Technical Score

The following table utilizes the TS equation above to compute each proposer's TS:

Proposer	Proposer's Technical Proposal Score	Computed Technical Score
OC 405 Partners	71.41	23.44
Shimmick/Tutor-Perini/Michels	74.97	24.61
Skanska/Flatiron	91.40	30.00

A technical proposal score between 80 and 100 points signifies that the proposal exceeded the stated objectives/requirements in the RFP. A technical proposal

score between 60 and 80 points signifies that the proposal met the stated objective/requirements in the RFP. A technical proposal score below 60 points signifies that the proposal did not meet the stated objectives/requirements in the RFP. The DB teams' technical proposal scores are shown in Attachment B.

All three DB teams submitted technical proposals that met or exceeded the objectives/requirements in the RFP.

Total Proposal Score

As a result of the RFQ step of the procurement, all DB teams were deemed qualified to carry out the requirements of the Project.

The following table utilizes the TPS equation above to compute each proposer's TPS:

Proposer	Computed Price Score	Computed Technical Score	Proposer's Total Proposal Score	Rank
OC 405 Partners	70.00	23.44	93.44	1
Skanska/Flatiron	57.19	30.00	87.19	2
Shimmick/Tutor-Perini/Michels	54.83	24.61	79.44	3

The table shows OC 405 Partners as the best-value proposer. OC 405 Partners' proposal featured several technical strengths such as detailed technical innovation and enhancements, strong understanding of necessary toll systems integrator coordination, and detailed identification of project risks and mitigation measures, including a thorough approach to utility coordination. Additional strengths include a detailed safety plan, a focus on partnering for dispute resolution, a strong understanding to the critical quality management roles and responsibilities of the DB team and project stakeholders, and a comprehensive communication plan for public outreach. OC 405 Partners also proposed the use of real time data to monitor traffic during construction.

FHWA Role

FHWA has defined this Project as a project of corporate interest due to its magnitude and the fact that it is on the interstate system. As such, FHWA approved the RFP prior to its release and has been involved in an oversight role throughout the procurement. Additionally, FHWA has reviewed the proposals and must concur that OCTA's procurement process adheres to federal requirements and the resulting DB contract award.

Stipends

On March 28, 2016, the Board approved a stipend amount of \$2,000,000, payable to each unsuccessful DB team which submitted a qualified proposal. Some of the benefits of this practice are that stipends:

- Allow OCTA to utilize ideas, concepts, and innovations from proposals not selected for award of the DB contract.
- Encourage DB teams to spend the time, money, and resources to propose innovative and comprehensive methods/solutions.
- Help defray costly proposal development.
- Encourage DB teams to remain in the procurement and generate significant interest in the Project to enhance competitive pricing for best value.
- Signal OCTA's intention to carry the Project forward.

The two unsuccessful DB teams are anticipated to sign and submit a stipend agreement within ten days after the date that notice of the award to the successful proposer is posted by OCTA. Execution of the stipend agreement allows for payment of the stipend to the respective DB team after receipt of an invoice from the DB team. In the event the DB team does not sign and submit a stipend agreement within the prescribed ten days or files a protest challenging the procurement process or award, the DB team would forfeit its right to a stipend.

Procurement Summary

Based on the evaluation and scoring of the technical and financial proposals received, and best-value determination, all the teams were found responsible and responsive to the requirements of the RFP, and successful in the technical and financial evaluations. The Evaluation Committee recommends the award of the DB contract to OC 405 Partners, a joint venture, as the team's overall proposal offers the best value to the public in terms of price and objective technical criteria.

Next Steps and Milestones

The next several months are critical to the timely implementation of the Project. The following are the next steps and milestones in the DB procurement process, toll operating agreement, and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan:

Award of Design-Build Contract for the Interstate 405 Improvement Project *Page 10*

Activity/Milestone	Proposed Completion Date
DB Procurement	
Board considers approval of staff-recommended DB team for selection	November 14, 2016
Notice-to-Proceed No. 1 issued to DB team	January 2017
Notice-to-Proceed No. 2 issued to DB team	May 2017
Toll Operating Agreement	
Board considers approval of the toll operating agreement	November 14, 2016
TIFIA Loan	
Build America Bureau (Bureau) staff submits an initial Project Report (PR) to the United States Department of Transportation (USDOT) Credit Council	November 2016
OCTA submits a formal TIFIA loan application	December 2016
Bureau staff submits a final PR to the USDOT Credit Council	January 2017
USDOT Credit Council recommends TIFIA loan to the Secretary of Transportation	January 2017
The Secretary of Transportation approves a TIFIA loan	January 2017
TIFIA loan closes	March 2017

The DB procurement process timeline is shown in Attachment C.

Fiscal Impact

The approved OCTA FY 2016-17 Budget included only \$70 million of the capital construction budget associated with this Project in accounts 0017-9084-FK101-0GM and 0037-9017-A9510-0GM. A budget amendment of \$1.147 billion is required to award the encumbered DB contract for this Project and consists of \$894.7 million for Account 0017-9084-FK101-0GM and \$252.4 million for Account 0037-9017-A9510-0GM.

The Project is funded through a combination of federal, state, and local M2 funds. Several current and future funding sources are available to offset the I-405 DB Project expenditures. TIFIA proceeds of \$70 million were included in the FY 2016-17 budget to cover the amount already budgeted. A revenue

budget amendment of \$1.147 billion will be required to cover the balance of the DB contract. The revenue sources to cover the Project's expenditures consist of \$52.5 million in state funds (Account 0037-6013-A9510-YHP), \$7.8 million in state funds (Account 0017-6020-FK101-X14), \$29.2 million in federal funds (\$22.8 million for Account 0017-6048-FK101-XHD and \$6.4 million for Account 0037-6036-A9510-XEE), and \$308.6 million in the form of a TIFIA loan (\$115.2 million for Account 0017-6036-FK101-YGL and \$193.4 million for Account 0037-6036-A9510-YGL). The remaining balance of \$749 million will be provided through a combination of pay as you go M2 funds and future bond proceeds.

Summary

Staff requests Board of Directors' approval to award the design-build Agreement No. C-5-3843 to OC 405 Partners, a joint venture, as a responsive and responsible proposer, in the amount of \$1,217,065,000, for the design and construction of the Interstate 405 Improvement Project through a design-build contract. Approval is also requested to release the stipends to the unsuccessful bidders, and approve an amendment to the Orange County Transportation Authority Fiscal Year 2016-17 Budget, in the amount of \$1,147,065,000, for the design and construction of the Interstate 405 Improvement Project through a design-build contract.

Attachments

- A. List of Design-Build Team Members, Request for Proposals 5-3843
- B. Technical Proposal Evaluation Criteria Matrix, RFP 5-3843 for the Design and Construction of the Interstate 405 Improvement Project Through a Design-Build Contract
- C. Interstate 405 Improvement Project Design-Build Procurement Timeline
- D. Contract History for the Past Two Years, RFP 5-3843 for the Design and Construction of the Interstate 405 Improvement Project Through a Design-Build Contract

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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Award of Design-Build Contract for the Interstate 405
Improvement Project**

Attachment A

**List of Design-Build Team Members
Request for Proposals 5-3843**

• **OC 405 Partners, a Joint Venture**

Principal Participants

OHL USA, Inc.
Astaldi Construction Corporation

Major Participants

Myers & Sons Construction, LP
All American Asphalt
MCM Construction, Inc.
Pacific Infrastructure 405 Designers (Joint Venture):

- Arup North America, Ltd
- H.W. Lochner, Inc.
- Moffatt & Nichol

Key Subcontractors & Sub consultants

Advanced Civil Technologies (ACT)
Betkon, Inc.
C&L Drilling
Circlepoint
Fugro Consultants, Inc.
Hout Construction Services
ICF Jones & Stokes
Iteris, Inc.
Lynn Capouya Landscape Architects
Rupert Construction Supply
TEC Management Consultants, Inc.
The Solis Group
Tipco Engineering, Inc.
Tri-County Drilling

• **Shimmick-Tutor Perini, a Joint Venture**

Principal Participants

Shimmick Construction Company, Inc.
Tutor Perini Corporation
Michels Corporation

Major Participant

WSP-Parsons Brinckerhoff

Key Subcontractors & Sub consultants

CNS Engineers, Inc.
Communications LAB
Crosstown Electrical & Data, Inc.
David Evans and Associates, Inc.
Earth Mechanics, Inc.
Intueor Consulting, Inc.
NUVIS
PacRim Engineering, Inc.
Southstar Engineering and Consulting, Inc.
TranSystems Corporation

- **Skanska-Flatiron, a Joint Venture**

Principal Participants

Skanska USA Civil West California District, Inc.
Flatiron West, Inc.

Major Participants

AECOM Technical Services, Inc.
CH2M Hill, Inc.

Key Subcontractors & Sub consultants

Biggs Cardoso Associates, Inc.
BKF Engineers
Civil Works Engineers, Inc.
Diaz Yourman & Associates
D'Leon Consulting Engineers
FPL and Associates, Inc.
Gallego Consulting Services, Inc.
IDC Consulting Engineers, Inc.
Irvine Global Consulting, Inc.
Katz & Associates, Inc.
KDC, Inc. dba Dynalectric
KOA Consulting, Inc.
LaBelle Marvin, Inc.
Ninyo & Moore Geotechnical and Science Services
OPTITRANS
RMA Group, Inc.
Tatsumi and Partners, Inc.
TRC Solutions, Inc. (Subsidiary of TRC Companies)
V&A, Inc.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Award of Design-Build Contract for the Interstate 405
Improvement Project**

Attachment B

ATTACHMENT B

Technical Proposal Evaluation Criteria Matrix

**RFP 5-3843 for the Design and Construction of the Interstate 405 Improvement Project
Through a Design-Build Contract**

Joint Venture: OC 405 Partners									
Criterion	Criterion Weight	Evaluator Number							Average for Criterion
		1	2	3	4	5	6	7	
Technical Approach	0.60	70	70	72	72	72	74	70	71.43
Project Delivery Approach	0.30	65	65	74	76	75	70	70	70.71
Quality Management Plan	0.10	75	70	75	76	75	68	75	73.43
Evaluators' Scores		69.00	68.50	72.90	73.60	73.20	72.20	70.50	
Average Overall Score for Proposer		71.41							
Joint Venture: Shimmick/ Tutor-Perini/ Michels									
Criterion	Criterion Weight	Evaluator Number							Average for Criterion
		1	2	3	4	5	6	7	
Technical Approach	0.60	75	81	80	76	72	76	80	77.14
Project Delivery Approach	0.30	60	78	73	74	70	67	75	71.00
Quality Management Plan	0.10	70	87	72	74	70	69	75	73.86
Evaluators' Scores		70.00	80.70	77.10	75.20	71.20	72.60	78.00	
Average Overall Score for Proposer		74.97							
Joint Venture: Skanska/ Flatiron									
Criterion	Criterion Weight	Evaluator Number							Average for Criterion
		1	2	3	4	5	6	7	
Technical Approach	0.60	95	92	92	94	94	85	95	92.43
Project Delivery Approach	0.30	95	86	88	95	92	80	95	90.14
Quality Management Plan	0.10	95	90	86	95	92	80	85	89.00
Evaluators' Scores		95.00	90.00	90.20	94.40	93.20	83.00	94.00	
Average Overall Score for Proposer		91.40							

Adjectival Ratings used during technical evaluation process:

Adjective	Score range	Description
Exceeds objectives/requirements	80 to 100%	The proposer has provided information in its proposal that is considered to significantly exceed stated objectives/requirements in a beneficial way and indicates a consistently outstanding level of quality. Any weaknesses that exist are significantly outweighed by strengths.
Meets objectives/requirements	60 to 80%	The proposer has presented information in its proposal that is considered to meet stated objectives/requirements and offers a generally acceptable level of quality. Strengths and weaknesses are relatively balanced.
Does not meet objectives/requirements	Below 60%	The proposer has presented information in its proposal that, as a whole, is considered to not meet the stated objectives/requirements. Weaknesses outweigh the strengths.

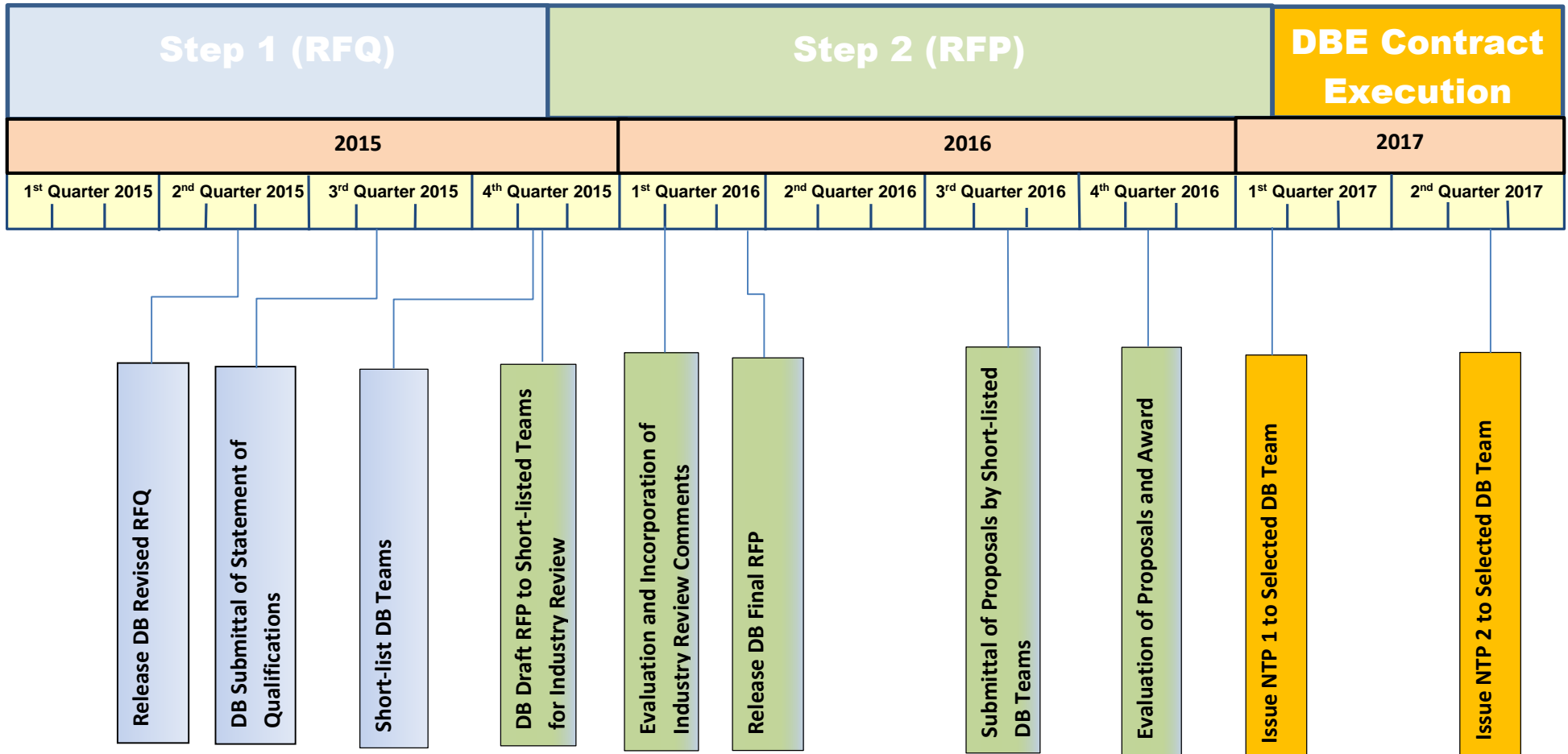


ORANGE COUNTY TRANSPORTATION AUTHORITY

**Award of Design-Build Contract for the Interstate 405
Improvement Project**

Attachment C

Interstate 405 Improvement Project Design-Build Procurement Timeline



DB = Design-Build
 RFQ = Request for Qualifications
 RFP = Request for Proposals
 NTP = Notice to Proceed

November 14, 2016 Board Meeting



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Award of Design-Build Contract for the Interstate 405
Improvement Project**

Attachment D

CONTRACT HISTORY FOR THE PAST TWO YEARS

RFP 5-3843 for the Design and Construction of the Interstate 405 Improvement Project Through a Design-Build Contract

OC 405 Partners, a Joint Venture						
Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
OHL USA, Inc. (Principal Participant)						
Contract Type: Construction	C-2-2034	Construction of the Lakeview Avenue Railroad Grade Separation Project	January 6, 2014	May 23, 2017		\$ 30,903,648.14
<i>Subconsultants:</i>						
<i>Golden State Boring</i>						
<i>Ace Fence</i>						
<i>Integrity Rebar</i>						
<i>LNA Concrete</i>						
<i>Calmex Engineering</i>						
<i>Griffith Company</i>						
<i>CF Con-Fab</i>						
<i>Tipco</i>						
<i>Deltec</i>						
<i>Marina Landscape</i>						
<i>ACL</i>						
<i>Belco</i>						
			Subtotal			\$ 30,903,648
Astaldi Construction Corporation (Principal Participant)						
Contract Type: None						
<i>Subconsultants:</i>						
N/A						

Shimmick/Tutor-Perini/Michels, a Joint Venture

Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
Shimmick Construction Company (Principal Participant)						
Contract Type: None						
Subconsultants:						
N/A						
Tutor-Perini Corporation (Principal Participant)						
Contract Type: None						
Subconsultants:						
N/A						
Michels Corporation (Principal Participant)						
Contract Type: None						
Subconsultants:						
N/A						

Skanska/Flatiron, a Joint Venture						
Prime and Subconsultants	Contract No.	Description	Contract Start Date	Contract End Date	Subconsultant Amount	Total Contract Amount
Skanska USA Civil West California District, Inc. (Principal Participant)						
Contract Type: None						
Subconsultants:						
N/A						
Flatiron West, Inc. (Principal Participant)						
Contract Type: Construction	C-2-1475	Construction of the Orangethorpe Avenue Railroad Grade Separation Project	April 1, 2013	April 24, 2016		\$ 47,616,049
Subconsultants:						
All American Asphalt						
Golden State Boring & Pipe						
Old Castle Precast						
Flatiron Electric Group, Inc.						
Alcorn Fence Company						
Marina Landscape, Inc.						
Martinez Steel						
Foundation Pile, Inc.						
Innovative Concrete						
					Subtotal	\$ 47,616,049



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**Award of Design-Build Contract for the Interstate 405
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PowerPoint - Board



Award of Design-Build Contract for the Interstate 405 Improvement Project



Background

- Orange County Transportation Authority (OCTA) is using a two-step procurement process resulting in a best-value selection of a design-build (DB) team pursuant to Assembly Bill (AB) 401 (Chapter 586, Statutes of 2013)
- AB 401 describes the DB procurement process in detail
- DB provides a number of benefits, including expediting completion of construction, integrating the design and construction teams, allocating additional risk to the contractors, and minimizing disputes and change orders
- A best-value selection is an award to the proposer whose proposal is determined by OCTA to offer the best value to the public in terms of price and objective technical criteria

Step 1 – Request for Qualifications (RFQ)

- The first step consisted of issuing the RFQ, requesting statements of qualifications (SOQs), and the development of a short-list of qualified DB teams
- On April 27, 2015, the OCTA Board of Directors (Board) approved the release of the revised RFQ
- A compliance review of the four SOQs received was conducted using pass/fail criteria in the following areas:
 - Financial capacity
 - Legal structure
 - Safety program
- After thorough vetting, the compliance committee found the SOQs from the four DB teams to be compliant with the requirements in the RFQ

Step 1 – Request for Qualifications (RFQ) (cont.)

- A technical review of the SOQs was conducted using the scored categories described in the RFQ, and listed below:
 - Firm experience
 - Past performance
 - Proposer organization and key personnel
 - Project understanding and approach
 - Quality management program
- On November 9, 2015, the OCTA Board found the DB teams well-qualified to carry out the requirements of the project and approved the qualified DB teams to be short-listed

Step 2 – Request for Proposals (RFP)

- On March 28, 2016, the OCTA Board approved the release of the RFP to the three qualified DB teams that had been short-listed, and also approved the evaluation criteria, weightings, and best-value selection process for the RFP
- A compliance review confirmed that the technical, financial, and price proposals received from the three qualified DB teams met the requirements of the RFP
- An evaluation committee conducted a technical review of the technical proposals in the areas of technical approach, project delivery approach, and quality management plan
- The Board-approved best-value determination was based on a 100-point scale, with the price component representing up to 70 points and the technical component representing up to 30 points

Price Score

Proposer	Proposer's Price	Computed Price Score	Amount Over Engineer's Estimate	Percent Over Engineer's Estimate
OC 405 Partners	\$1,217,065,000	70.00	\$31,065,000	2.6%
Skanska/Flatiron	\$1,489,700,000	57.19	\$303,700,000	25.6%
Shimmick/Tutor-Perini/Michels	\$1,553,792,200	54.83	\$367,792,200	31.0%
Engineer's Estimate = \$1,186,000,000				

Notes:

- Computed Price Score = $(\text{Price}_{\text{Low}} / \text{Proposer's Price}) * 70$
- Maximum Computed Price Score is 70

Technical Score

Proposer	Proposer's Technical Proposal Score	Computed Technical Score
OC 405 Partners	71.41	23.44
Skanska/Flatiron	91.40	30.00
Shimmick/Tutor-Perini/Michels	74.97	24.61

Notes:

- A proposer's technical proposal score between 60-80 signifies that the technical proposal met the requirements of the RFP
- A proposer's technical proposal score between 80-100 signifies that the technical proposal exceeded the requirements of the RFP
- Computed Technical Score = $(\text{Proposer's Technical Proposal Score} / \text{Technical}_{\text{High}}) * 30$
- Maximum Computed Technical Score is 30

Total Proposal Score (Best-Value Determination)

Proposer	Computed Price Score	Computed Technical Score	Total Proposal Score	Rank
OC 405 Partners	70.00	23.44	93.44	1
Skanska/Flatiron	57.19	30.00	87.19	2
Shimmick/Tutor-Perini/Michels	54.83	24.61	79.44	3

Project Cost Estimate

Description	Previous Project Cost Estimate	Current Project Cost Estimate
DB Costs	\$1,186,000,000	\$1,217,065,000
Contingency for DB Costs	\$130,000,000	\$98,935,000
Subtotal DB Costs	\$1,316,000,000	\$1,316,000,000
OCTA Costs*	\$484,000,000	\$484,000,000
Contingency for OCTA Costs	\$100,000,000	\$100,000,000
Subtotal OCTA Costs	\$584,000,000	\$584,000,000
Total Project Costs	\$1,900,000,000	\$1,900,000,000

* OCTA Costs include right-of-way acquisition, utility relocations, support, and other costs

Next Steps

Activity/Milestone	Completion Date
DB Procurement and Implementation	
Board considers approval of staff-recommended DB team for selection	November 14, 2016
Notice to Proceed No. 1 issued to DB team	January 2017
Notice to Proceed No. 2 issued to DB team	May 2017
Design and construction	2017-2022
405 Express Lanes open	January 2023
Toll Operating Agreement	
Board considers approval of the toll operating agreement	November 14, 2016
Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan	
Build America Bureau (Bureau) Credit Programs Office staff submits initial Project Report (PR) to United States Department of Transportation (USDOT) Credit Council	November 2016
OCTA submits a formal TIFIA loan application	December 2016
Bureau staff submits final PR to the USDOT Credit Council	January 2017
USDOT Credit Council recommends TIFIA loan to the Secretary of Transportation	January 2017
The Secretary of Transportation approves the TIFIA loan	January 2017
TIFIA loan closes	March 2017

Recommendations

- Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-5-3843, between the Orange County Transportation Authority and OC 405 Partners, a joint venture, a responsive and responsible proposer, in the amount of \$1,217,065,000, for the design and construction of the Interstate 405 Improvement Project through a design-build contract.
- Authorize the Chief Executive Officer to execute a stipend agreement with Shimmick/Tutor-Perini/Michels, a joint venture, and Skanska/Flatiron, a joint venture, the unsuccessful proposers, upon meeting the requirements specified in the request for proposals.
- Approve an amendment to the Orange County Transportation Authority's Fiscal Year 2016-17 Revenue and Expenditure Budget, in the amount of \$1,147,065,000, to accommodate for the design-build costs associated with the Interstate 405 Improvement Project.
- Adopt this staff report as the written decision supporting the award of the design-build contract, pursuant to such requirement by Assembly Bill 401 (Chapter 586, Statutes of 2013).



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Award of Design-Build Contract for the Interstate 405
Improvement Project**

Handout - Board



MEMO

November 6, 2016

To: Members of the Board of Directors

From: Darrell Johnson, Chief Executive Officer 

Subject: **Award of the Design-Build Contract for the Interstate 405 Improvement Project – Request for Proposals (RFP) 5-3843**

Late last night, November 5, 2016, I received correspondence from Skanska-Flatiron regarding the recommendation for the award of the design-build contract for the Interstate 405 Improvement Project (Project) scheduled for the Regional Planning and Highways (RPH) Committee meeting on Monday, November 7, 2016. The letter requests that the Orange County Transportation Authority (OCTA) consider a different course of action than what is being recommended in the staff report. Staff has reviewed the letter sent by Skanska-Flatiron and has found several significant inaccurate statements made by Skanska-Flatiron, along with a disturbing lack of understanding of the RFP requirements. The attached letter sent to Mr. Alex Medlyn, Project Executive for Skanska-Flatiron, details those inaccuracies and OCTA's responses. After consultation with the OCTA Project team, staff maintains that the procurement was conducted in a fair and objective manner and has reaffirmed the recommendation to select the OC 405 Partners as the joint venture team to provide the design/build services for the Project. After the RPH Committee takes action on this item, the OCTA Board of Directors will review and make its final selection on November 14, 2016.

OC 405 Partners is a joint venture comprised of OHL USA, Inc., and Astaldi Construction Corporation. Each of the firms is jointly and severally liable for the obligations under the design/build contract and each of the firms will be providing parent company guaranties of their performance under the contract. As a requirement of the RFP, OC 405 Partners submitted to a proposal bond equal to 5% of their bid amount. If OC 405 Partners fails to execute an agreement with OCTA for the design/build services, OCTA will be able to recover damages through the 5% proposal bond.

If you have any questions regarding this procurement or recommendation, please contact me.

DJ/va

c: Executive Staff



BOARD OF DIRECTORS

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CHIEF EXECUTIVE OFFICE

Darrell Johnson
Chief Executive Officer

November 6, 2016

Mr. Alex Medyn
Project Executive
Skanska-Flatiron a Joint Venture
1995 Agua Mansa Road
Riverside, CA 92509

Dear Mr. Medyn:

Thank you for your letter dated November 4, 2016, regarding selection of a design-build (DB) team for the I-405 Improvement Project (Project). We certainly agree with the assertion in your letter that the procurement for the Project was fair and impartial and the process required in the request for qualifications (RFQ) and request for proposals (RFP) steps of the procurement was followed without exception. This procurement resulted in a staff-recommended proposer that reflects the clear best-value to the public.

Unfortunately, your letter was littered with inaccuracies and false statements that we will respond to in this letter to set the record straight. We are very concerned that it is readily apparent, based upon the assertions in your letter, that your team does not understand the cost estimating process used by the Orange County Transportation Authority (OCTA) to develop the engineer's estimate for the DB costs. This cost estimating process was discussed in several of our one-on-one meetings with your team and the RFP (Section 1.3.1 of the Instructions to Proposers) clearly noted the estimated DB costs of this Project. Your reliance on the wrong engineer's estimate in your letter calls into question your knowledge and understanding of the Project and renders the arguments in your letter moot.

Following are responses to some of the inaccuracies included in your letter:

TECHNICAL SCORING

Your statement that the "recommended proposer does not have the local freeway experience or the resources...to fulfill its obligations under the contract" is clearly false. OC 405 Partners, which includes OHL, Astaldi, MCM Construction, Myers & Sons and All American Asphalt, has significant local freeway experience, and the resources to supply the staff necessary to fulfill their contractual obligations.

It is highly inaccurate and irresponsible to describe "the recommended bidder as minimally qualified to do this job". First, all three bidders were deemed

Mr. Alex Medyn
November 6, 2016
Page 2

well-qualified to carry out the requirements of the Project by being short-listed by the OCTA Board of Directors in 2015. Second, OC 405 Partners' score of 71.41 indicates the proposer met the requirements of the RFP, which were extensive. A score between 60 and 80 is reflective of a technical proposal that met the requirements of the RFP. All three DB teams are highly qualified to successfully deliver the Project. Your letter implies that Skanska-Flatiron is the only qualified team to do this job, which OCTA vehemently disagrees with.

PRICE SCORING

OC 405 Partners' price is not considered an outlier as it is in line with the engineer's estimate for DB costs. The engineer's estimate for DB costs is credible and all-inclusive, as described in more detail below.

All three proposers proposed the same schedule duration, which was 2,049 days from Notice to Proceed 2 to substantial completion of construction. As you are aware, it is far too late in the procurement process for any of the three DB teams to make changes to their proposals, and therefore, it is not relevant to state that "we know we can accelerate the overall schedule significantly..." in your letter and is nothing more than an attempt to improperly influence a procurement after the proposals have been submitted and scored.

ENGINEER'S ESTIMATE

The engineer's estimate for DB costs of \$1.186 billion noted in the staff report was based on a four-month effort in early 2016. Between January and April of this year, our program management consultants (Parsons/HNTB) developed the engineer's estimate for DB costs based on the RFP documents. The program management consultants had Parsons Construction bid the project based on the RFP and the traditional method of cost estimating was used as an independent check for the engineer's estimate for DB costs. These efforts culminated in the \$1.186 billion dollar engineer's estimate for DB costs which was then reviewed by the California Department of Transportation (Caltrans) and the Federal Highway Administration (FHWA) during a three-day Cost Estimate Review (CER) at the end of April 2016, as required by FHWA for all major projects over \$500 million. The result of the CER was FHWA having a 95 percent confidence level in the engineer's estimate. FHWA requires a 70 percent confidence level, and obviously they were very comfortable to have a 95 percent confidence level in this engineer's estimate. The fact that the engineer's estimate was developed in early 2016 and culminated in

Mr. Alex Medyn
November 6, 2016
Page 3

the FHWA CER was discussed at the one-on-one meetings with you and your team. This is a fact that your letter seems to ignore.

It is baffling to us why you think the engineer's estimate for DB costs is "more than 4 ½ years old" as noted in your letter. As noted above, the engineer's estimate for DB costs was completed in April 2016. The basis for all of your arguments appear baseless due to this false assumption on your part.

The preliminary cost estimate summary attached to your letter appears to be from the Project Report (PR); however, the preliminary cost estimate summary in the PR is signed and dated June 2015 on page 1, and the estimate is noted to be prepared in April 2015 on pages 6, 8 and 9.

It is unclear what source the preliminary cost estimate summary attached to your letter is from. The bottom line is the preliminary cost estimate summary in the Final PR was prepared in April 2015, not 2012 as incorrectly noted in your letter.

The preliminary cost estimate summary from the PR is not the engineer's estimate for DB costs. Again, it is difficult to understand how you continually reference the wrong engineer's estimate in your letter. The preliminary cost estimate summary from the PR is for the Project, which includes more than what is included in the DB contract. A good example is that the preliminary cost estimate summary from the PR attached to your letter includes \$45 million for toll systems integrator work that is not included in the DB contract, as that work will be procured under a separate contract. Again, this seems to show a concerning lack of understanding of the procurement process for the Project.

Additionally, between April 2015 and when the engineer's estimate for the DB costs was prepared in April 2016, OCTA and Caltrans continued to refine the Project design as reflected in the RFP. Many of these design refinements were to include more cost-effective design solutions. For example, local street bridges to be replaced as part of the Project were shortened to minimize how much the local streets were raised in order to minimize right-of-way, which resulted in considerable cost savings.

The engineer's estimate for DB costs noted in the staff report included continuously reinforced concrete pavement (CRCP). According to the most recent Caltrans Cost Data, which is developed from bids on Caltrans projects, CRCP costs approximately 10 percent more than jointed plane concrete pavement (JRCP), not "twice the cost" noted in the letter. Your letter falsely states that OCTA had JPCP

Mr. Alex Medyn
November 6, 2016
Page 4

in the engineer's estimate. The engineer's estimate for DB costs was based on the RFP documents, which includes CRCP.

CONCLUSION

As noted, this was a fair and impartial procurement that resulted in a staff-recommended proposer that reflects the clear best value to the public. While we appreciate your continued interest in the Project, we are disappointed you used the wrong engineer's estimate, false assumptions and incorrect information in making the arguments in your letter. Due to the reasons outlined in this letter, a 30-day delay is completely unnecessary and would only result in delaying these critical improvements to the I-405 corridor for the taxpayers and travelling public of Orange County. If you have any questions, please feel free to contact me at (714) 560-5343.

Sincerely,



Darrell Johnson
Chief Executive Officer

DJ:jm

c: OCTA Board of Directors
Executive Staff



Skanska-Flatiron a Joint Venture
1995 Agua Mansa Road
Riverside, CA 92509
Phone: 951.368.5360

November 4, 2016

Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority
Contracts Administration and Materials Management
550 South Main Street
Orange, CA 92863-1584

SUBJECT: Selection of 405 Design-Build Team

Dear Mr. Johnson,

On behalf of Skanska-Flatiron, a joint venture team (Skanska-Flatiron), we ask that you consider a course of action different than the staff recommendation for the 405 design-build project.

First, we want to be clear in that we are not protesting the staff recommendation, nor will we protest if the Board votes to accept the staff recommendation. Second, we want to articulate that we believe the scoring of proposals was done fairly and per the rules provided in the procurement document. We commend staff for being impartial and following the described process.

We write this letter from a much bigger perspective. We write this letter from the perspective of what is best for the OCTA, the corridor cities, the commuters of the 405 within the project limits, the taxpayers and all residents of Orange County.

TECHNICAL SCORING

A project of this size going through the heart of Orange County does not have the luxury of being delayed or disrupted. Based on the Skanska-Flatiron high scoring technical proposal of 91.4, staff has confirmed that our team has thoroughly planned out this project, and we stand ready to build this project without delay or disruption. Skanska-Flatiron has compiled the most experienced team of local freeway builders and designers to fill the sizable staff requirements that will be needed to manage all aspects of this highly publicized project. The recommended proposer does not have the local freeway experience or the resources in order to supply the 140 person staff that will be necessary to fulfill its obligations under the contract, while keeping the other stakeholders satisfied with the results during and after construction.

We are aware that staff recommendation of a bidder with a technical score of 71.41 means that the recommended bidder is minimally qualified to do this job. However, while a 20-point differential on a technical score is substantive on its face, we believe this technical differential directly impacts the accuracy of pricing estimates.

PRICE SCORING

We understand that the interests of taxpayers are protected through competitive bidding. In this case, the recommended bidder submitted a price of \$1,217,065,000. Skanska Flatiron submitted a price of \$1,489,700,000. We understand that the differential of \$272,635,000 is material. In fact, it is so material that we believe that there is a flaw in the bid of the recommended proposer. The flaw exists for two primary reasons.

First, Shimmick's bid of \$1,553,792,200 and Skanska Flatiron's bid of \$1,489,700,000 confirms the recommended bidder's price of \$1,217,065,000 is an outlier, an aberration or simply not accurate.

Second, the \$1,217,065,000 bid is not even equivalent to our detailed construction costs, without mark up or contingency. In fact, we believe that the costs associated with this project require all responsible bids to be in excess of \$1,400,000,000. We further believe our costs approach is validated by the third ranked proposer at \$1,553,792,200.

Our price reflects our detailed knowledge, schedule and superior technical approach to complete the project on time, with a high degree of confidence. In addition, we know we can accelerate the overall schedule significantly with Caltrans and corridor cities as constructive partners in the design review and permitting process. We have provided a "worst case" scenario schedule, so that we "under promise and over deliver." The bottom line is that our pricing bid is generated to be precise. This precision can only come from a team that has a superior technical skill. Conversely, a team with an inferior technical score may lack the resources to be accurate in its pricing.

We are aware of the argument that a design build project places the responsibility on the winning bidder to deliver to project for the bid price. Yet, if a contractor starts a project under water by an excess of \$200 million dollars, how can the eventual outcome of the project avoid litigation, claims, delays and disruption? These are standard tactics of low bidders who bid projects substantially below the actual costs of other bidders. Alternatively, a large discrepancy between a low bid and the other bids may signify a possible bid error. After all, if \$272,635,000 in found money is too good to be true it just may not be true. At a minimum, the OCTA should meet with the recommended proposer and require that they confirm and verify their bid, and confirm that their bid has not missed any components.

ENGINEER'S ESTIMATE – MISSING \$200,000,000

Another significant concern is the age of the engineer's estimate, coupled with the failure to adjust that estimate with known variables. The engineer's report estimated the project to be \$1,229,503,000. (See attached OCTA Project Cost Estimate Summary.) However, that report is substantially out of context because the engineer's estimate was prepared and checked on April 4, 2012 and April 5, 2012, respectively. This report is more than 4 1/2 years old. Project costs generally increase by 2-3% per year. Thus, if we use the \$1,229,503,000 engineer's estimate and conservatively add a non-compounded 2% per year cost increase, you end up

with an increase of approximately \$110,655,000 in costs. Add that amount to the original engineer's estimate of \$1,229,503,000 and you get a revised estimate of \$1,340,158,000.

However, the additional costs do not end at \$1,340,158,000 because there were 10 addenda added to this proposal. None of those addenda are calculated into the engineer's estimate and we estimate that they could approach an additional increase of \$50,000,000.

Finally, the OCTA had regular JPCP concrete in the engineer's estimate but the RFP included CRCP (continuously reinforced concrete pavement), which is twice the cost and would add \$25,000,000 to that item.

Thus, if you start with the April 4, 2012 engineer's estimate of \$1,229,503,000, add in \$110,655,000 in escalator costs, plus \$50,000,000 from 10 addenda, plus \$25,000,000 for increase concrete costs, you end up with an approximate estimate of \$1,415,158,000 in project costs.

As a side note, in the November 7, 2016 staff recommendation the report stated that the engineer's estimate was \$1,186,000,000. The actual engineer's estimate in the attached report was \$1,229,503,000. This differential is \$43,503,000. While we are unsure where the \$1,186,000,000 came from or when it was generated, if it is a recent estimate, it seems rather implausible that the costs of this project would decline over a 4 1/2 year period while adding 10 addenda and changing to CRCP for the concrete. If it is a 4 1/2 year old estimate, it would be \$43,503,000 less than the April 4, 2012 estimate and the total costs would be closer to \$1,371,655,000 with the aforementioned items, which is still substantially higher than the bid of the recommended proposer.

Skanska-Flatiron informed OCTA staff during our one-on-one meetings, that our preliminary "greensheet" estimates were showing an approximate value of \$1.4 Billion to \$1.5 Billion. OCTA should consider the low price submitted by the recommended bidder as an outlier, not being consistent with the true value of the work, and a true risk to OCTA. Skanska-Flatiron has included the resources needed to confidently deliver the project without the need to chase deficits.

Thus, while the engineer's estimate is a useful tool, that estimate must be updated to real time so that it is a relevant comparison to the bids. The bottom line is that we believe accepting the recommended proposer's price will be setting the team and OCTA up for failure.

We are concerned OCTA may be setting themselves up for the same fate as LA Metro deal with on their "Carmagedon" 405 design build project with excess overruns. This \$850,000,000 project produced an outcome of an 18-month delay, and led to the submittal of over \$500,000,000 in disputes. The winner bidder did not figure out all of the complexities involved in the management of traffic, and difficulties in getting the issues resolved with the third parties. The project ended up causing massive disruption to the neighborhoods, significant negative media coverage, and of course painful and costly claims resolution that are going on to this day.

CONCLUSION

The combined technical and pricing score for the recommended bidder is 93.44 compared to Skanska-Flatiron's score of 87.19. This differential of 6.25 points is not insignificant. However, we believe this differential is driven by a pricing bid that cannot cover the basic costs of the project and render it an irresponsible bid.

Our request of the Regional Planning and Highways Committee is for the membership of the committee to take 30 days to evaluate the issues raised in this letter. A project of this size and of this significance deserves a closer examination of these issues. We believe that a careful and thorough examination will result in a recommendation of the highest scoring team with the most responsible price – Skanska-Flatiron.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alex Medyn', followed by a long horizontal flourish.

Alex Medyn
Project Executive
Skanska Flatiron a Joint Venture

cc: Chair Of OCTA, Honorable Lori Donchak
Chair of Regional Planning and Highways Committee, Honorable Frank Ury
Vice-Chair of Regional Planning and Highways Committee, Honorable Lisa Bartlett
Honorable Andrew Do
Honorable Jeffrey Lalloway
Honorable Gary Miller
Honorable Shawn Nelson
Honorable Todd Spitzer

PROJECT REPORT
PRELIMINARY COST ESTIMATE SUMMARY

District-County-Route	<u>12, 07-ORA, LA-22,73, 405, 605</u>
	<u>R0.5/R0.7, R0.7/R3.8, R27.2/R27.8,</u>
PM	<u>9.3/24.2, 0.0/1.2, 3.5/R1.6, R0.0/R1.2</u>
EA	<u>0H1000</u>
Program Code	<u>20.10.400.100</u>

PROJECT DESCRIPTION: Improvements on I-405 in Orange County

Limits I-405 from 0.2 mile south of Bristol Street to 1.4 miles north of I-605 and portions of SR-22, SR-73, and I-605

Proposed Improvement (Scope) Construct one general-purpose lane widening from Euclid Street to I-605 and one Express Lane (Tolled) between SR-73 and SR-22 East to be managed jointly with existing HOV lane as a tolled Express Lane Facility with 2 lanes in each direction from SR-73 to I-605, as well as interchange improvements from SR-73 to I-605.

Alternative 3 (Preferred Alternative): Express Lanes (Tolled) and Add One GP Lane in Each Direction

SUMMARY OF PROJECT COST ESTIMATE

TOTAL ROADWAY ITEMS	\$	<u>958,034,000.00</u>
TOTAL STRUCTURE ITEMS	\$	<u>271,469,000.00</u>
SUBTOTAL CONSTRUCTION COSTS	\$	<u>1,229,503,000.00</u>
TOTAL RIGHT OF WAY ITEMS	\$	<u>67,805,000.00</u>
TOTAL PROJECT CAPITAL OUTLAY COSTS	\$	<u>1,297,308,000.00</u>
ENGINEERING, CONSTRUCTION MANAGEMENT & PROJECT ADMINISTRATION (20% of subtotal construction costs)	\$	<u>245,901,000.00</u>
TOTAL PROJECT COSTS	\$	<u>1,543,209,000.00</u>

Reviewed by: Matthew Cugini _____ Date _____
 Chief, Design Branch C (Signature)

Approved by: Nooshin Yoosefi _____ Date _____
 Project Manager (Signature)

District-County-Route 12, 07-ORA, LA-22,73, 405, 605

R0.5/R0.7, R0.7/R3.8, R27.2/R27.8,

PM 9.3/24.2, 0.0/1.2, 3.5/R1.6, R0.0/R1.2

EA OH1000

Program Code 20.10.400.100

<u>Section 4: Specialty Items</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Item Cost</u>	<u>Section Cost</u>
Retaining Walls	437,000	SQFT	\$ 70.00	\$ 30,590,000.00	
MSE Walls	67,000	SQFT	\$ 60.00	\$ 4,020,000.00	
Architectural Treatment	67,000	SQFT	\$ 12.00	\$ 804,000.00	
Corridor Aesthetics	1	LS	\$ \$10,000,000.00	\$ 10,000,000.00	
Lightweight Fill (Cellular Conc)	15,000	CY	\$ 50.00	\$ 750,000.00	
Noise Barriers	514,000	SQFT	\$ 25.00	\$ 12,850,000.00	
Property Block Walls	6,825	SQFT	\$ 15.00	\$ 102,375.00	
Concrete Barrier	143,300	LF	\$ 110.00	\$ 15,763,000.00	
Concrete Barrier (Type 736)	16,500	LF	\$ 130.00	\$ 2,145,000.00	
Concrete Barrier (Retaining)	42,000	LF	\$ 180.00	\$ 7,560,000.00	
Metal Beam Guard Railing	24,000	LF	\$ 40.00	\$ 960,000.00	
Beg Treatment (MBGR)	140	EA	\$ 1,000.00	\$ 140,000.00	
End Treatment (MBGR)	140	EA	\$ 3,000.00	\$ 420,000.00	
Crash Cushion	9	EA	\$ 70,000.00	\$ 630,000.00	
Place HMA Dike	124,000	LF	\$ 5.00	\$ 620,000.00	
Chain Link Fence	43,000	LF	\$ 30.00	\$ 1,290,000.00	
Curb & Gutter	4,100	CY	\$ 500.00	\$ 2,050,000.00	
Concrete Sidewalk	4,000	CY	\$ 500.00	\$ 2,000,000.00	
Curb Ramp	630	CY	\$ 2,000.00	\$ 1,260,000.00	
Stamped Concrete (Island)	1,100	CY	\$ 500.00	\$ 550,000.00	
Concrete Driveway	640	CY	\$ 500.00	\$ 320,000.00	
Remove Concrete Pavement	64,000	SQYD	\$ 5.00	\$ 320,000.00	
Remove Concrete (Channel)	6,300	CY	\$ 160.00	\$ 1,008,000.00	
Remove Conc Curb/Gutter/SW	7,900	CY	\$ 10.00	\$ 79,000.00	
Remove Sound/Retaining Wall	808,000	SQFT	\$ 4.00	\$ 3,232,000.00	
Remove Concrete Barrier	68,000	LF	\$ 15.00	\$ 1,020,000.00	
Remove MBGR	34,000	LF	\$ 10.00	\$ 340,000.00	
Remove Chain Link Fence	26,000	LF	\$ 5.00	\$ 130,000.00	
Remove Traffic Stripe	1,080,000	LF	\$ 1.00	\$ 1,080,000.00	
Prepare SWPPP	1	LS	\$ 30,000.00	\$ 30,000.00	
Construction Site BMPs	1	LS	\$ 5,848,000.00	\$ 5,555,600.00	
Treatment BMPs	1	LS	\$ 4,590,500.00	\$ 4,360,975.00	
Hazardous Waste Investigation and/or Mitigation Work	1	LS	\$ 3,110,000.00	\$ 3,110,000.00	
Environmental Compliance	1	LS	\$ 1,088,000.00	\$ 1,088,000.00	
Resident Engineer Office Space	1	LS	\$ 4,500,000.00	\$ 4,500,000.00	
Time-Related Overhead	1	LS	\$ 20,000,000.00	\$ 20,000,000.00	

Subtotal Specialty Items \$ 140,678,000.00

District-County-Route 12, 07-ORA, LA-22,73, 405, 605

R0.5/R0.7, R0.7/R3.8, R27.2/R27.8,

PM 9.3/24.2, 0.0/1.2, 3.5/R1.6, R0.0/R1.2

EA 0H1000

Program Code 20.10.400.100

<u>Section 5: Traffic Items</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Item Cost</u>	<u>Section Cost</u>
Lighting & Sign					
Illumination	1	LS	\$ 16,530,000.00	\$ 16,530,000.00	
Traffic Delineation Items	1	LS	\$ 4,670,000.00	\$ 4,670,000.00	
Traffic Signals	1	LS	\$ 9,300,000.00	\$ 9,300,000.00	
Overhead Sign Structures	1	LS	\$ 29,469,000.00	\$ 29,469,000.00	
Roadside Signs	1	LS	\$ 271,000.00	\$ 271,000.00	
Traffic Control Systems	1	LS	\$ 10,000,000.00	\$ 10,000,000.00	
TMP	1	LS	\$ 13,038,000.00	\$ 13,038,000.00	
CMS	1	LS	\$ 2,700,000.00	\$ 2,700,000.00	
CCTV	1	LS	\$ 3,700,000.00	\$ 3,700,000.00	
FO Communication System	1	LS	\$ 16,200,000.00	\$ 16,200,000.00	
TMS/VDS	1	LS	\$ 2,925,000.00	\$ 2,925,000.00	
ITS Central System Upgrade	1	LS	\$ 2,300,000.00	\$ 2,300,000.00	
Ramp Metering	1	LS	\$ 1,015,000.00	\$ 1,015,000.00	
Construction Staging	1	LS	\$ 40,000,000.00	\$ 40,000,000.00	
Temp Lighting/Sign Illumination	1	LS	\$ 6,915,000.00	\$ 6,915,000.00	
Temp Traffic Signals	1	LS	\$ 7,440,000.00	\$ 7,440,000.00	
Temp CMS	1	LS	\$ 500,000.00	\$ 500,000.00	
Temp CCTV	1	LS	\$ 2,100,000.00	\$ 2,100,000.00	
Temp FO Comm System	1	LS	\$ 5,000,000.00	\$ 5,000,000.00	
Temp TSM/VDS	1	LS	\$ 2,925,000.00	\$ 2,925,000.00	
Temp Ramp Metering	1	LS	\$ 870,000.00	\$ 870,000.00	
Electronic Toll Collection System & Enforcement	1	LS	\$ 30,000,000.00	\$ 30,000,000.00	

Subtotal Traffic Items \$ 207,868,000.00

Notes:

1. TMS/VDS = Traffic Monitoring Station/Vehicle Detection System
2. Temp Traffic Signal estimate includes modification of existing signals and additional of new temporary poles/signal heads for use during
3. Temp Ramp Metering estimate includes modifications or relocations of existing ramp meters to maintain operability during different stages of construction.
4. For electronic toll collection, assume 6 gantries in each direction, total of 12. Cost includes gantries, readers, high speed photo camera, pavement loops, fiber optics systems, TOC equipment and software - see Toll Ops Plan for locations.

District-County-Route 12, 07-ORA, LA-22,73, 405, 605

R0.5/R0.7, R0.7/R3.8, R27.2/R27.8,

PM 9.3/24.2, 0.0/1.2, 3.5/R1.6, R0.0/R1.2

EA 0H1000

Program Code 20.10,400.100

<u>Section 6: Planting and Irrigation</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Item Cost</u>	<u>Section Cost</u>
Replacement Planting	<u>1</u>	<u>LS</u>	<u>\$ 5,500,000.00</u>	<u>\$ 5,500,000.00</u>	
Irrigation Modification	<u>1</u>	<u>LS</u>	<u>\$ 3,700,000.00</u>	<u>\$ 3,700,000.00</u>	

Subtotal Planting and Irrigation Items \$ 9,200,000.00

<u>Section 7: Roadside Management and Safety Section</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Item Cost</u>	<u>Section Cost</u>
Vegetation Control Treatments	<u>12,000</u>	<u>SQYD</u>	<u>\$ 50.00</u>	<u>\$ 600,000.00</u>	
Gore Area Pavement	<u>24,000</u>	<u>SQYD</u>	<u>\$ 80.00</u>	<u>\$ 1,920,000.00</u>	
Pavement beyond the gore area					
Miscellaneous Paving					
Erosion Control					
Slope Protection					
Side Slopes/Embankment Slopes					
Maintenance Vehicle Pull outs					
Off-freeway Access (gates, stairways, etc.)	<u>237</u>	<u>EA</u>	<u>\$ 3,000.00</u>	<u>\$ 711,000.00</u>	
Roadside Facilities (Vista Points, Transit, Park and Ride, etc.)					
Relocating roadside facilities/features					

Subtotal Roadside Management and Safety Section \$ 3,231,000.00

TOTAL SECTIONS: 1 thru 7 \$ 622,100,000.00

District-County-Route 12, 07-ORA, LA-22,73, 405, 605
R0.5/R0.7, R0.7/R3.8, R27.2/R27.8,
 PM 9.3/24.2, 0.0/1.2, 3.5/R1.6, R0.0/R1.2
 EA 0H1000
 Program Code 20.10.400.100

Section 8: Minor Items

\$ 622,100,000.00 x 10% = \$ 62,210,000.00
 (Subtotal Sections 1 thru 7)

TOTAL MINOR ITEMS \$ 62,210,000.00

Section 9: Roadway Mobilization

\$ 684,310,000.00 x 10% = \$ 68,431,000.00
 (Subtotal Sections 1 thru 8)

TOTAL ROADWAY MOBILIZATION \$ 68,431,000.00

Section 10: Roadway Additions

Supplemental Work

\$ 684,310,000.00 x 10% = \$ 68,431,000.00
 (Subtotal Sections 1 thru 8)

Contingencies

\$ 684,310,000.00 x 20% = \$ 136,862,000.00
 (Subtotal Sections 1 thru 8)

TOTAL ROADWAY ADDITIONS \$ 205,293,000.00

TOTAL ROADWAY ITEMS \$ 958,034,000.00
 (Subtotal Sections 1 thru 10)

Estimate Prepared By Vickie Kraman
 (Print Name)

Phone# (949) 333-4505 Date 4/4/2012

Estimate Checked By Patti Tiberi
 (Print Name)

Phone# (949) 333-4541 Date 4/5/2012

District-County-Route 12, 07-ORA, LA-22,73, 405, 605
R0.5/R0.7, R0.7/R3.8, R27.2/R27.8, 9.3/24.2,
 PM 0.0/1.2, 3.5/R1.6, R0.0/R1.2
 EA 0H1000
 Program Code 20.10.400.100

II. STRUCTURES ITEMS

Str	Structure Name	Type of Work*	Str Type	Width (out to out) LF	Span Lengths LF	Total Area SQFT	Ftg Type (pile/spread)	Cost** per SQFT	Total Cost per Structure
1	405-73 HOV Direct Conn	(N)	CIP/PS	58.90	1,337.00	87,250	Pile	\$ 292	\$ 25,477,000
2	FAIRVIEW Rd OC	(R)	CIP/PS	152.00	317.50	48,260	Pile	\$ 238	\$ 11,500,000
3	HARBOR Blvd UC	(W)	CIP/PS	15.75	193.72	3,051	Pile	\$ 344	\$ 1,050,000
4	HARBOR Blvd UC - SB LOOP ON-RAMP	(N)	CIP/PS	26.96	344.50	9,288	Pile	\$ 212	\$ 1,970,000
5	HYLAND STORM DRAIN	(E)	RCB					See Section 3: Drainage	
6	GREENVILLE-BANNING Chnl Culv	(E)	Triple RCB	39.50	154.00	6,822	N/A	\$ 161	\$ 1,100,000
7	SERVICE Rd UC	(E)	RCB	18.00	87.69	1,578	N/A	\$ 223	\$ 743,000
8	SANTA ANA RIVER Br	(W)	CIP/PS	58.75 & Var	440.42	26,748	Pile	\$ 233	\$ 6,232,000
9	EUCLID St ON-RAMP Over SANTA ANA RIVER	(N)	CIP/PS	32.27 & Var	364.00	12,953	Pile	\$ 225	\$ 2,920,000
10	EUCLID ST ON-RAMP Over OCSD Dwy	(N)	CIP/PS	38.90	133.50	5,305	Pile	\$ 324	\$ 1,720,000
11	FOUNTAIN VALLEY Chnl	(E)	RCB					See Section 3: Drainage	
12	WARD St OC	(R)	CIP/PS	80.00	346.00	27,680	Pile	\$ 217	\$ 6,000,000
13	TALBERT Ave OC	(R)	CIP/PS	114.00	477.25	54,407	Pile	\$ 265	\$ 14,400,000
14	BROOKHURST St OC	(R)	CIP/PS	136.00 & Var	500.00	69,362	Pile	\$ 250	\$ 17,320,000
15	SLATER Ave OC	(R)	CIP/PS	88.00	411.00	36,168	Pile	\$ 238	\$ 8,600,000
16	BUSHARD St OC	(R)	CIP/PS	80.00	414.00	33,120	Pile	\$ 231	\$ 7,650,000
17	WARNER Ave OC	(R)	CIP/PS	136.00	476.00	66,747	Pile	\$ 265	\$ 17,710,000
18	WARNER Ave ON-RAMP OC	(N)	CIP/PS	26.89 & Var	200.00	5,917	Pile	\$ 210	\$ -
19	OCEAN VIEW Chnl	(E)	RCB					See Section 3: Drainage	
20	MAGNOLIA St SB LOOP ON-RAMP OC	(N)	CIP/PS	26.96	344.50	9,288	Pile	\$ 212	\$ -
21	MAGNOLIA St OC	(R)	CIP/PS	112.00	500.00	56,000	Pile	\$ 236	\$ 13,200,000
22	HEIL Ave Ped OC	(R)	CIP/PS	10.00	1,310.92	13,109	Pile	\$ 294	\$ 3,860,000
23	HEIL Ave STORM DRAIN	(E)	RCB					See Section 3: Drainage	
24	EAST GARDEN GROVE-WINTERSBURG Chnl NB	(N)	CIP/PS	28.00	105.00	2,940	Pile	\$ 238	\$ 700,000
25	EAST GARDEN GROVE-WINTERSBURG Chnl SB	(N)	CIP/PS	28.00	105.00	2,940	Pile	\$ 425	\$ 1,250,000
26	NEWLAND St OC	(R)	CIP/PS	88.00	388.67	34,203	Pile	\$ 296	\$ 10,104,000
27	EDINGER Ave OC	(R)	CIP/PS	78.42 & Var	496.00	42,190	Pile	\$ 256	\$ 10,800,000
28	S39-S405 Conn Sep (SB Loop)	(N)	CIP/PS	39.75 & Var	222.67	9,074	Pile	\$ 215	\$ 1,950,000
29	N39-N405 Conn Sep (NB Loop)	(N)	CIP/PS	38.90	221.75	8,626	Pile	\$ 214	\$ 1,850,000
30	405/39 Sep Tieback Walls No. 2200 & 2300	(N)	Wall	10.75	629.75	6,770	N/A	\$ 287	\$ 1,940,000
31	McfADDEN Ave OC	(R)	CIP/PS	76.00 & Var	408.00	31,713	Pile	\$ 284	\$ 9,000,000

District-County-Route 12, 07-ORA, LA-22,73, 405, 605
R0.5/R0.7, R0.7/R3.8, R27.2/R27.8, 9.3/24.2,
 PM 0.0/1.2, 3.5/R1.6, R0.0/R1.2
 EA OH1000
 Program Code 20.10.400.100

II. STRUCTURES ITEMS

Str	Structure Name	Type of Work*	Str Type	Width (out to out) LF	Span Lengths LF	Total Area SQFT	Ftg Type (pile/spread)	Cost** per SQFT	Total Cost per Structure
32	BOLSA OH	(W)	CIP/PS	73.60 & Var	177.50	13,135	Pile	\$ 294	\$ 3,865,000
33	BOLSA Ave OC	(R)	CIP/PS	132.42	423.83	56,641	Pile	\$ 313	\$ 17,722,000
34	GOLDENWEST St OC	(R)	CIP/PS	132.00 & Var	468.00	64,760	Pile	\$ 261	\$ 16,910,000
35	NAVY OH	(W)	CIP/PS	66.29	172.27	11,420	Pile	\$ 315	\$ 3,600,000
36	EDWARDS St OC	(R)	CIP/PS	76.00	389.00	29,564	Pile	\$ 257	\$ 7,590,000
37	WESTMINSTER Blvd OC	(R)	CIP/PS	128.00 & Var	468.00	63,488	Pile	\$ 280	\$ 17,780,000
38	SPRINGDALE St OC	(R)	CIP/PS	84.00 & Var	458.00	40,856	Pile	\$ 257	\$ 10,486,000
39	MILAN STORM DRAIN	(E)	RCB					See Section 3: Drainage	
40	BOLSA CHICA Rd OC	(R)	CIP/PS	139.50 & Var	322.00	46,000	Pile	\$ 233	\$ 10,720,000
41	MONTECITO STORM Chnl	(I)	RCB					See Section 3: Drainage	
42	BIXBY Chnl BYPASS	(N)	Triple RCB 10'x6'	32.50	400.00	13,000	N/A	\$ 250	\$ 3,250,000
43	Structure Rehabilitation	(I)						\$	\$ 500,000

* (N) New, (R) Replace, (W) Widen, (E) Extend, (I) Improve
 ** Including 10% mobilization and 25% contingency.

SUBTOTAL STRUCTURES ITEMS \$ 271,469,000.00
 (Sum of Total Cost for Structures)

Railroad Related Costs: _____ \$ _____
 _____ \$ _____
 _____ \$ _____

SUBTOTAL RAILROAD ITEMS \$ _____

TOTAL STRUCTURES ITEMS \$ 271,469,000.00
 (Sum of Structures Items plus Railroad Items)

COMMENTS:

Estimate Prepared By Mohsen Mohseni Phone # (949) 333-4515 Date 4/4/2012
 (Print Name)

District-County-Route 12, 07-ORA, LA-22,73, 405, 605
R0.5/R0.7, R0.7/R3.8, R27.2/R27.8,
 PM 9.3/24.2, 0.0/1.2, 3.5/R1.6, R0.0/R1.2
 EA OH1000
 Program Code 20.10.400.100

III. RIGHT OF WAY ITEMS

ESCALATED VALUE

A. Acquisition, including excess lands, damages to remainder(s) and Goodwill	\$ <u>37,333,630.00</u>
B. Utility Relocation (State share)	\$ <u>29,423,000.00</u>
C. Relocation Assistance	\$ <u>-</u>
D. Clearance/Demolition	\$ <u>-</u>
E. Title and Escrow Fees	\$ <u>1,047,943.00</u>

TOTAL RIGHT OF WAY ITEMS \$ 67,804,573.00
 (Escalated Value)

Anticipated Date of Right of Way Certification Dec 2016
 (Date to which Values are Escalated)

F. Construction Contract Work

Brief Description of Work:

Right of Way Branch Cost Estimate for Work * \$ _____

* This dollar amount is to be included in the Roadway and/or Structures Items of Work, as appropriate. Do not include in Right of Way Items.

COMMENTS:

Estimate Prepared By Josh Cospers Phone# (951) 683-2353 Date 11/11/2014
 (Print Name)