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November 3, 2014

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102**

Subject: Request for Approval of a Project Specific Ordinance for the Van Ness Bus Rapid Transit Project

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors approve a Project-Specific Ordinance for the Van Ness Bus Rapid Transit (BRT) Project (also known as the Van Ness Corridor Transit Improvement Project).

Background

The Van Ness BRT Project will be the first BRT service in San Francisco. In addition to promoting pedestrian safety and comfort and enhancing the urban design of Van Ness Avenue, the Project will improve transit reliability for the 47 and 49 Muni routes, and provide reliable transit connections to transfer routes. The transit service and infrastructure changes are expected to reduce transit travel times by over 30 percent from approximately 20 minutes to between 13 and 14 minutes. By 2035, following implementation of BRT, ridership is projected to be greater than 60,000 passengers per day, up from the approximately 45,000 passengers a day that currently ride the 47 and 49 bus lines. Strengthening transit along this two-mile stretch of Van Ness will also positively affect the efficiency of connecting routes.

The SFMTA has determined that the most efficient way to deliver the work being performed under the Van Ness BRT Project is to employ the contracting method known as Construction Manager/General Contractor (CM/GC). Under CM/GC, the prime contractor on the project is brought in early to support the completion of the project design. This minimizes change orders and construction costs because the Contractor can influence the design directly to reduce time and correct errors and omissions. The goal is to achieve construction of the Project in the shortest amount of time, while maintaining a satisfactory level of service for public transit, pedestrian and vehicular traffic, and the overall welfare of the neighboring communities and businesses. Construction is scheduled to begin in late 2015 and be substantially complete by the summer of 2018.

Description of Work

The Van Ness Corridor Transit Improvement Project consists of the core BRT Project and five parallel projects. These parallel projects have their own funding separate from the BRT project, but the design and construction will be integrated with the BRT project. The parallel projects include:

- The SFMTA Overhead Contact System (OCS) and Poles Replacement Project, which will replace existing deteriorated OCS, poles and streetlights.
- The SFMTA SFgo Project, which will modernize and improve the traffic signal system including pedestrian countdown signals and Accessible Pedestrian Signals (APS).
- The San Francisco Public Utilities Commission (SFPUC) Sewer Replacement Project, Water Line Replacement Project, and Green Infrastructure Project.

Ordinance

Administrative Code Section 6.68 allows the City to procure construction services for public works projects by a process known as “integrated project delivery,” whereby the City retains a CM/GC during the design process to review and comment on the constructability of the design within the established budget for the project. The proposed ordinance modifies Administrative Code Section 6.68 to accommodate the Van Ness BRT Project in the following ways: elimination of the requirement for a Request for Qualifications (RFQ); authorizing price proposals to include pre-construction costs and a fixed fee and giving more weight in scoring to non-cost considerations; addition of core subcontractors as part of the CM/GC’s team; and negotiation of a Guarantee Maximum Price (GMP).

Elimination of RFQ

Administrative Code Section 6.68(C) requires that an RFQ be issued to pre-qualify firms prior to issuance of a request for proposals (RFP); pre-qualified firms are then invited to submit competitive proposals for the project in response to the RFP. The City held a charrette regarding the project with potential CM/GC proposers, and the SFMTA issued a request for information to solicit feedback from firms not present at the charrette. Based on those activities, the SFMTA has determined that it will not be necessary to pre-qualify firms under an RFQ process; rather, the SFMTA intends to issue an RFP with minimum qualifications listed for the CM/GC and certain core subcontractors.

Price Proposal/Scoring Criteria

Under Administrative Code Section 6.68(D), each proposal is ranked to determine which proposal provides the overall best value to the City with respect to non-cost and cost criteria, with the cost criteria (the fees proposed for pre-construction services and for construction phase services, including overhead, profit, and general conditions) constituting not less than 65 percent of the overall evaluation.

Under the proposed ordinance, the SFMTA will ask for price proposals for (a) pre-construction costs and (b) a fixed fee (profit and other fixed expenses) for all construction work, based on the estimated cost of the construction, which fee may be adjusted if actual construction costs differ significantly from the estimate.

Other CM/GC transit projects have placed more weight on non-cost considerations, such as experience, qualifications, diversity and workforce approaches. Recognizing this, the ordinance provides that the evaluation of the price proposals will constitute not less than 30 percent of the

overall evaluation, and evaluation of non-cost criteria will constitute a maximum of 70 percent of the overall evaluation.

Core Subcontractors on Team

Under Administrative Code section 6.68(H), the selected CM/GC procures subcontracts for the trade work by inviting pre-qualified trade subcontractors to submit competitive bids. Those bids are evaluated on price alone, and the CM/GC awards the subcontract to the lowest responsive bidder.

The SFMTA has determined that the nature and complexity of this project makes the selection of all subcontractors according to the procedures in Section 6.68(H) inefficient, and would greatly reduce the effectiveness of using a CM/GC. The assistance of a core team of subcontractors, such as those with specialties in overhead contact system/traction power construction, paving, sewer/water main replacement, and traffic management will be of great advantage in the pre-construction final design and construction planning process. This team would develop the best plan for scheduling and sequencing the construction in the corridor so as to maximize speed of construction while minimizing community impact. Non-core subcontractors who meet minimum qualifications will be solicited competitively by the CM/GC, based on low bid.

Guaranteed Maximum Price

Like other Federal Transportation Agency (FTA)-funded transit projects, this ordinance authorizes the SFMTA to negotiate a Guaranteed Maximum Price (GMP) with the selected CM/GC prior to construction. The GMP will include the general conditions and the cost of all construction work for the Project, and will also incorporate a fixed fee (profit) submitted by the CM/GC at the time of its proposal. The SFMTA will retain independent estimators who shall provide the SFMTA with cost estimates of all Project construction work. After receiving a GMP proposal from the CM/GC, the SFMTA will meet with the CM/GC to discuss and negotiate elements of the proposal. The SFMTA will conduct a cost/price analysis in accordance with FTA requirements to ensure that the final GMP is fair and reasonable. If the SFMTA and the CM/GC are unable to agree on what the SFMTA considers to be a reasonable price for the work, the SFMTA may terminate the contract with the CM/GC, issue an invitation for bids, and award a contract for the Project to the lowest responsive and responsible bidder.

Project Delivery Alternatives Considered

The SFMTA hosted a project delivery selection and risk assessment workshop in early 2014. The goal of this workshop was to allow for an open exchange of ideas between public agency stakeholders in order to come up with innovative ideas and recommendations for best project delivery methods, including construction sequencing and execution that would result in an efficient and timely completion of the Project with the least amount of interruption to residents, businesses, and all users of the public right-of-way.

Some of the findings from the workshop include:

- The complexities of maintaining access to transit and traffic in the public right-of-way during construction of the Van Ness BRT will require detailed traffic management planning and decisions on phasing, sequencing, and staging of construction.

- Pre-planning efforts should be implemented with communities, residents, developers, hotels, businesses, and other active construction projects regarding pre-designated access ways, delivery schedules, and special interim parking.
- The CM/GC method reduces duplicate work during pre-bid planning for permits, community outreach, and sequencing. CM/GC will not save money, but it may save time on the front end for design, permitting, sequencing, and minimizing disruption to the community, and incorporating design changes.
- While the City has some experience in CM/GC, neither the SFMTA nor other City agencies have experience in using CM/GC in a horizontal/roadway construction project. While this lack of experience poses some risk to the project schedule this approach will allow for significant opportunity to minimize the impacts to the community. Street reconstruction projects can have a significant impact on local businesses and residents. The more time that the Contractor has to understand the local conditions and stake holders needs the better the Project mitigation measures will be.
- The “Design Build” delivery method was found to be inappropriate for this Project. The high risk of significant public disruption during construction and the sensitivities of the communities along the length of the corridor will require that the SFMTA maintain a level of control over the project that would not be possible under a “Design Build” construction contract.
- “Design Bid Build”, the traditional method for delivering such projects, offers no advantages for accelerating the delivery of the Project or minimizing community impacts.

Funding Impact

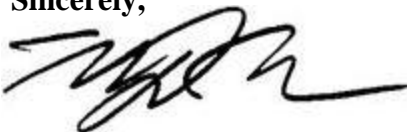
The current estimated cost for the Van Ness BRT Project is \$162.1 million. The funding plan for the project currently includes approximately \$75 million in FTA Small Starts Funds, \$36 million in Proposition K sales taxes (\$15M of which is subject to SFCTA Board approval anticipated in October 2014), and \$51.1 million other state and local funds, including State Highway Operation and Protection Program funds, SFMTA Revenue Bonds and local development impact fees.

Recommendation

The SFMTA recommends that the Board of Supervisors authorize this project-specific ordinance for the Van Ness Corridor Transit Improvement Project.

Thank you for your consideration of this proposed agreement. Should you have any questions or require more information, please do not hesitate to contact Peter Gabancho at (415) 701-4306.

Sincerely,



Edward D. Reiskin
Director of Transportation