

Subject	Caldecott Tunnel Improvement Project (Project 1698): Amendment No. 3 to Consulting Services Agreement No. 175 with Parsons for On-Call Final Design Services
Summary	In December 2004, the Authority approved consulting services agreement No. 175 with Parsons for Project Approval and Environmental Document (PA&ED) and preliminary design for the Caldecott Tunnel Improvement Project. In March 2006, the Authority approved an amendment to the agreement to add final design (PS&E) services as well as to revise the consultant overhead rate. In October 2007, the Authority approved Amendment No. 2 to include additional design services. The proposed Amendment No. 3 to the agreement is necessary to modify Parsons’ current overhead rate and total multiplier.
Recommendations	Staff recommends approval to modify Exhibit D of the Agreement to modify the overhead rate and total multiplier.
Financial Implications	There is no change to the Total Agreement Value.
Options	The Authority could elect to modify or not approve this request. However, since this is a long-term consultant agreement, it is reasonable and standard industry practice to update the overhead rate and total multiplier on a periodic basis.
Attachments	<ul style="list-style-type: none"> A. Amendment No. 3 to Agreement No. 175. B. Letter from Parsons dated March 7, 2008. C. Historical summary of contract amendments
Changes from Committee	

Background

The proposed project is to construct a two-lane fourth bore for the Caldecott Tunnel, north of the existing third bore, to alleviate congestion in the non-peak direction. The Authority, the Alameda County Congestion Management Agency (ACCMA) and Caltrans are working collaboratively to deliver this project.

The Authority initially hired Parsons in summer 2004 to provide on-call preliminary engineering and environmental study services. The Agreement included a provision to augment Parsons’ scope of services at a later date to include final design services. Consistent with this provision, Amendment No. 1 to Agreement No. 175 was approved in March 2006 to add final design scope of services as well as to revise the overhead rate and total multiplier, specified in Section 1.1.2 of Exhibit D. The Agreement was amended again in October 2007 to include additional scopes of service not originally envisioned.

Parsons produced a 2006 independent audit report performed by Price Waterhouse Coopers and submitted a letter to the Authority dated March 7, 2008 requesting that their corporate overhead rate be

revised for the remainder of their final design services. This is a task order based contract, and no additional budget is requested for this change. Since it is a standard industry practice to update the overhead rate on a periodic basis for long-term contracts, staff recommends approval of this amendment.

CONTRA COSTA TRANSPORTATION AUTHORITY

**AGREEMENT NO. 175
WITH
PARSONS TRANSPORTATION GROUP, INC.
FOR**

CALDECOTT TUNNEL IMPROVEMENT PROJECT- ON-CALL SERVICES

AMENDMENT NO. 3

WHEREAS, the Contra Costa Transportation Authority and Parsons Transportation Group, Inc. entered into Agreement No. 175 on December 15, 2004; and

WHEREAS, Amendment No. 1 to Agreement No. 175 was approved on March 15, 2006 to add final design services (PS&E) to the scope of work; and

WHEREAS, Amendment No. 2 to Agreement No. 175 was approved on October 17, 2007 to increase scope and compensation; and

WHEREAS, the parties now wish to amend the Agreement to modify Section 1.1.2 of Exhibit D (Compensation, Invoicing and Payment) to revise the overhead rates and total multiplier, as outlined in the attached letter, dated March 7, 2008 from Parsons Transportation Group, Inc.; now therefore be it

MUTUALLY AGREED:

(1) That Section 1.1.2.2 "Payroll Additives" of Exhibit D is amended to 0.588, and Section 1.1.2.3 "Overhead Costs" of Exhibit D is amended to 0.946, and Section 1.1.2.4 "Total Multiplier" of Exhibit D is amended to 2.534;

(2) That all other items and conditions of the Agreement shall remain in effect.

In witness whereof, the parties hereto have executed this Amendment No. 3 to Agreement No. 175 effective as of the 1st day of April 2008.

**PARSONS TRANSPORTATION GROUP, INC. CONTRA COSTA TRANSPORTATION
AUTHORITY**

Gerold B. Adams, Senior Vice President

David E. Hudson, Chair

ATTEST:

Robert K. McCleary, Executive Director

March 7, 2008

Mr. Paul Maxwell
Chief Deputy Director
Contra Costa Transportation Authority
3468 Buskirk Avenue, Suite 100
Pleasant Hill, CA 94523

Subject: Caldecott Tunnel Improvement Project - On-call Project Approval and Environmental Document & Preliminary Engineering Services (Consultant Agreement No. 175)

Dear Mr. Maxwell,

Under the current Agreement 175 with the Contra Costa Transportation Authority, Parsons and its consultant team has been providing environmental and engineering services for the approval/environmental document (PA/ED) and the final plans, specifications and estimate (PS&E) phases of the Caldecott Tunnel Improvement Project. The services for PA/ED are nearing completion, and the 95% PS&E was recently submitted. The Parsons Team will continue to provide Project Management, Project Controls and PS&E support services to the Authority under this contract, following approved Task Order assignments, through the award of the construction contract in August of 2009. At the discretion of the Authority, the Parsons team will also provide engineering support during construction under Task Orders yet to be defined and negotiated.

Over the duration of this contract, Parsons has experienced an increase in audited corporate overhead rate. The overhead rate of 137.0% currently used for active Task Orders is based on our 2004 operations, and was approved by the CCTA Board as part of Contract Amendment No. 1 in March 2006. As defined in our Contract Exhibit D, Article 1.1, this equates to a total labor Multiplier of 2.37. We are requesting a revision of this rate to 153.4%, (58.8 % for "Payroll Additives" and 94.6% for "Overhead Costs") to reflect our most recent 2006 audited rate as determined by an independent analysis by Price Waterhouse Coopers. This equates to a revised total labor Multiplier of 2.534.

In October 2007, the CCTA Board approved Amendment No. 2 that increased the contract "Not to Exceed Maximum" amount to \$24,425,000 for additional services provided by the Parsons Team. It is our intention to remain within the budgetary limitations defined by Contract Amendment No. 2, irrespective of the labor multiplier used for our services. However, in the event that additional scope is added to the scope of services, augmentation of the contract may be required.

A complete copy of our Price Waterhouse Coopers 2006 Audit Report will be forwarded to you by our corporate offices. We appreciate your assistance in expediting the processing of this request. If you have any questions, please do not hesitate to call me at (415) 490-2400.

Sincerely,

PARSONS



Gregory I. Orsolini, P.E.
Consultant Team Manager



**Historical Summary of Contract Amendments
CT 175, Parsons**

Date Adopted	Effective Date	Contract Amendment	Amount of Amendment	Total Contract Amount	Fund Source	Description
12/15/04	9/29/04	Original		\$ 6,892,000	TCRP	Provide On-Call Services for Project Approval and Environmental Documentation (PA&ED) & Preliminary Engineering Services
3/15/06	11/22/05	Amend. 1	\$ 12,033,000	\$ 18,925,000	TCRP, RM2 and STIP	Increased Total Compensation Limit of the Agreement to expand scope of services to provide final design engineering services. This amendment was contemplated when the original contract was initiated. At that time, the project team decided to wait to negotiate the scope/schedule/fee for final design until which point, the alternatives under study were more defined. The total "Not to Exceed" amount does not specify a contingency amount since this is a task order contract. However, RM2 funds are available to address additional support costs.
10/17/2007	10/17/07	Amend. 2	\$ 5,500,000	\$ 24,425,000	TCRP, RM2 and STIP	Increased Total Compensation Limit of the Agreement to include additional project management - project controls, additional out of scope design and environmental services and to extend the design services to include the bid advertisement period. The total "Not to Exceed" amount includes \$317,000 in contingency. The amendment also extends the contract terms to December 31, 2009 and modifies the contract milestone schedule to include updated final design dates and the bid advertisement period.
4/16/2008	4/1/08	<i>Proposed</i> Amend. 3	\$0	\$ 24,425,000	TCRP, RM2 and STIP	Revised overhead rates and total multiplier in Section 1.1.2.2, 1.1.2.3 and 1.1.2.4 in Exhibit D of the Agreement. No change in Total Compensation Limit of the Agreement, which is \$24,425,000 and includes \$267,000 in contingency.