



*BOARD COMMITTEE TRANSMITTAL*

**June 11, 2012**

**To:** Members of the Board of Directors

**From:** *WK*  
Wendy Knowles, Clerk of the Board

**Subject:** Outline of the Proposed Project Delivery Organizational Approach for the Interstate 405 Improvement Project

Regional Planning and Highways Committee Meeting of June 4, 2012

**Present:** Directors Bates, Galloway, Hansen, Herzog, and Nelson

**Absent:** Directors Cavecche, Crandall, and Glaab

***Committee Vote***

No action was taken on this receive and file information item.

***Staff Recommendation***

Receive and file as an information item.



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Outline of the Proposed Project Delivery Organizational  
Approach for the Interstate 405 Improvement Project**

**Staff Report**



*June 4, 2012*

**To:** Regional Planning and Highways Committee  
**From:** Will Kempton, Chief Executive Officer   
**Subject:** Outline of the Proposed Project Delivery Organizational Approach for the Interstate 405 Improvement Project

**Overview**

Staff is presenting the proposed project delivery organizational approach for the Orange County Transportation Authority, in coordination with the California Department of Transportation, to implement the Interstate 405 Improvement Project using the design-build alternative delivery method.

**Recommendation**

Receive and file as an information item.

**Background**

The Interstate 405 (I-405) Improvement Project (Project) proposes to add new lanes to the I-405 between State Route 55 and Interstate 605 (I-605), generally within the existing right-of-way (ROW). Project development and environmental clearance work is ongoing. On May 18, 2012, the draft environmental impact report/environmental impact statement (EIR/EIS) was released for the 45-day public review and comment period. Three build alternatives are being considered. Alternative 1 proposes to add a single general purpose lane in each direction from Euclid Street to I-605, Alternative 2 proposes to add dual general purpose lanes in each direction from Euclid Street to I-605, and Alternative 3 proposes to add a single general purpose lane from Euclid Street to I-605 and add one express lane which, combined with the existing high-occupancy vehicle lane, would operate as a two-lane express lane facility in each direction from State Route 73 to I-605. All three of these alternatives deliver at least one general purpose lane in each direction, meeting the commitment made for the I-405 as part of Measure M2 (M2) Project K.

On February 27, 2012, an Orange County Transportation Authority (OCTA) Board of Directors (Board) workshop was held to provide a review of the overall status of the M2 Freeway Program, an updated funding outlook, and opportunities to expedite freeway program delivery in a workshop setting. One of the major highlights of this presentation was that, should the OCTA Board decide to allow for the sale of future M2 revenue bonds, the Project could be constructed and the remainder of the M2 Freeway Program could be substantially delivered by year 2020.

On April 23, 2012, staff presented the Board an update on the Project alternatives, business models, and delivery options. This update also included results of work performed by the strategic financial and delivery advisor. The Board workshop and the strategic financial and delivery advisor effort have established that all three project alternatives are financially viable. The strategic financial and delivery advisor also discussed three discrete project finance and delivery options for Alternative 3, namely: self finance, availability payments, and public-private partnership concession. The Alternative 3 self finance option is the most financially feasible and provides some return to the M2 Freeway Program.

### ***Discussion***

This report presents a preliminary outline of the administrative tasks and actions that will need to be completed, and a preliminary proposed project delivery organization approach reflecting the general roles of the prospective parties required to complete the tasks in order to deliver the Project successfully.

Design-build delivery method is proposed to expedite delivery of the Project, minimize escalation costs, take advantage of the existing competitive bidding market, and share the risk associated with design and construction with private contractors. Pending Board selection of the Project locally preferred alternative (LPA), and assuming Project implementation using the design-build delivery method, OCTA staff will return to the Board and propose to issue the release of a request for proposals (RFP) for a Program Management Consultant (PMC). The PMC will assist with the creation, procurement, and management of the Project design-build contract. The PMC will provide additional preliminary design and engineering (required for the advertisement of the design-build contract), ROW services (including appraisals, acquisition, relocation assistance, and utility coordination), and general contract administration, including design and construction quality assurance.

Upcoming administrative tasks and actions are as follows:

- OCTA Board selection of the Project LPA
- Procure PMC
- Procure construction management (CM) support services
- Complete the final environmental document
- Perform an investment grade traffic and revenue study if Alternative 3 is selected
- Secure project finance ratings and debt issuance
- Develop a design-build RFP, pre-qualify design-build teams, advertise and award the design-build contract

If Project Alternatives 1 or 2 are selected as the build alternative, OCTA would probably need to obtain its own design-build authority through the legislative process. This is the same approach the Riverside County Transportation Commission took for the State Route 91 Corridor Improvement Project (AB 2098). If Project Alternative 3 is selected as the build alternative, a provision of Streets and Highways Code 143, passed as SB 4 X2 in February 2009, would authorize design-build for the Project and tolling for the Express Lanes.

Attachment A outlines the preliminary project delivery organization and generalized roles necessary to successfully deliver the Project. The blue boxes (with double border) are roles to be performed directly by OCTA, the green boxes (single border with rounded corners) are roles to be performed by a consultant hired by OCTA, and the orange boxes (single border with square corners) are roles to be performed by the California Department of Transportation (Caltrans). The shaded portion of the organization is unique to Project Alternative 3.

The Caltrans Project Corridor Manager is a key position for the Project to be successfully delivered with Caltrans involvement and oversight. It is critical that this position is staffed with the appropriate person and at the appropriate organization level to provide executive sponsorship within Caltrans. Staff has begun discussions with Caltrans to explore implementation of some form of the Caltrans Corridor Manager model that is successfully being demonstrated with the San Diego Association of Governments (SANDAG). In this model, Caltrans has agreed that SANDAG participates in the selection of Corridor Managers and SANDAG pays Caltrans an incremental salary differential for an executive level organizational classification. Details would be documented in the Project cooperative agreement with Caltrans.

Staff is also preparing to procure the CM support services separately from the PMC. The PMC will be responsible for the overall implementation and

management of the design-build contract. This separately procured CM support services will work under the responsible charge of the PMC. This implementation plan allows a more flexible approach for CM staffing level of effort based on the alternative selected. Additionally, enabling design-build legislation required for Alternatives 1 and 2 will likely provide further guidance and definition of Caltrans' role in the CM support services effort. Should Alternative 3 be selected as the LPA and the Project implemented under the existing statutory authority, the number of Caltrans inspectors and materials testers will be negotiated and documented in the Project cooperative agreement. Preliminary discussions with Caltrans and the Professional Engineers in California Government to discuss these delivery plans have been initiated.

#### **Next Steps**

The goal is to immediately begin Project implementation once the notice of determination/record of decision for the EIR/EIS is approved, which is currently scheduled in 2013.

Public review of the draft EIR/EIS began on May 18, 2012. After the public hearings and workshops are completed on July 2, 2012, staff will bring all three Project alternatives to the Board for a decision on a LPA. The final EIR/EIS will be prepared and processed for approval with the selected preferred alternative. Upon approval of the LPA, staff will seek approval to release an RFP for a PMC, assuming the design-build procurement method will be used to implement the Project's LPA. Release of the RFP and subsequent procurement of a PMC is critical to the overall Project delivery schedule as the tasks required to procure a design-build contractor are extensive and will take approximately two years to complete.

#### **Summary**

Staff is presenting an outline of the upcoming administrative tasks and actions that need to be completed and a preliminary project delivery organization approach reflecting the general roles of the prospective parties required to deliver the Project.

***Attachment***

- A. Interstate 405 Improvement Project Preliminary Organizational Approach

**Prepared by:**



Niall Barrett, P.E.  
Program Manager  
(714) 560-5879

**Approved by:**



Jim Beil, P.E.  
Executive Director, Capital Programs  
(714) 560-5646



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Outline of the Proposed Project Delivery Organizational  
Approach for the Interstate 405 Improvement Project**

**Attachment A**

