



**BRIEFING: SEPTEMBER 19, 2017 BOARD MEETING AGENDA ITEM #3**

**TO:** Chairman Richard and Board Members

**FROM:** Mark McLoughlin, Director of Environmental Services  
Ben Tripousis, Northern California Regional Director

**DATE:** September 19, 2017

**RE:** Consider Amending the Environmental and Engineering Contract for the San Francisco to San Jose and San Jose to Merced Project Sections with HNTB

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**Summary of Recommended Action**

California High-Speed Rail Authority (Authority) staff is recommending that the Board direct staff to execute an amendment to the Environmental and Engineering Contract with HNTB Corporation (HNTB) for an additional \$10 million towards completion of environmental review and documents under the federal National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) to achieve a Record of Decision under NEPA and a Notice of Determination under CEQA (collectively referred throughout this memorandum as “RODs”) for the San Francisco to San Jose and San Jose to Merced project sections. Additional funds will be necessary to complete Preliminary Engineering for Procurement (PE4P) and Permitting. This amendment would increase the Environmental and Engineering contract to a not-to-exceed amount of \$46 million and would continue to meet the Board’s 30 percent goal for Small Business Utilization.

**Background**

In late 2015, HNTB became the Environmental and Engineering consultant for the San Francisco to San Jose and San Jose to Merced project sections. The contract with HNTB was awarded on November 17, 2015, and executed by the Authority on November 23, 2015, after the completion of a procurement process and consistent with the State’s competitive Architectural & Engineering (A&E) procurement process. Proposals were evaluated by Authority staff, and staff from other state departments, who evaluated the statements of qualification and made recommendations to the Authority.

The contract is managed on a task order basis and HNTB only performs duties that the Authority authorizes through task orders. The Board’s policies dictate that Board approval is required for an amendment to this contract. This contract, as with all Authority’s A&E contracts, contains a 30-day termination clause.

The contract with HNTB is an A&E contract as defined in Government Code, Section 4525 and, therefore, extending this contract through the amendment process is within the Board's authority and will not require approval by the Department of General Services pursuant to Section 11.0 of the State Contracting Manual (SCM).

The original contract value was limited to \$36 million for preliminary engineering and project-specific environmental work for both project sections. This estimate was based on the assumption that preliminary engineering, environmental clearance, permitting and preliminary engineering for procurement for this 135-mile section of the project could be done at a reduced budget, as compared with other project sections, because earlier work on the San Jose-Merced section and the Caltrain Electrification FEIR (2014) could be used as a basis of information. Changes to project definition, regulatory restrictions and revised land use and zoning approvals – as well as public input and feedback – led the work to go beyond what was initially planned.

Three new alternatives for the San Jose to Merced project section were subsequently developed by staff and were included in the Authority's 2016 Business Plan, requiring new engineering and evaluation. A Record of Decision (ROD) target date of December 2017 was set for both sections and, to meet those deadlines, HNTB performed outreach, environmental and engineering work in parallel. The overlap of activities introduced potential cost risks, but was necessary to meet the 2016 Business Plan schedule for initiating revenue service between the Silicon Valley and the Central Valley in 2025. The HNTB Team prepared alignment footprints for all alternatives in April 2016 to begin environmental evaluation.

These new alignment changes, that were developed as a result of outreach to stakeholders and the public, as well as more advanced engineering and environmental study, included:

- San Luis Reservoir Avoidance Alignment (new tunnel construction required)
- Morgan Hill Bypass (2016 Business Plan alignment now conflicted with recently constructed housing and revised land use plans)
- Revisions to the Caltrain Peninsula Corridor Electrification Project (PCEP) rail alignment to enable increased high-speed rail operating speeds
- Short Viaduct North of Diridon Station to I-880
- Aerial Alignment through Diridon Station
- Low Viaduct to Downtown Gilroy Station

The current HNTB contract expires on November 18, 2018. The contract currently requires an amendment of \$10 million to ensure the HNTB Team advances work on the RODs. The PE4P and permitting for the two project sections will be addressed in subsequent amendments. It is currently estimated that full completion of both RODs, PE4P and Permitting for both sections, along with PE4P for the Central Valley Wye (Wye), will require a total of \$39.6 million to complete. This \$10 million amendment maintains momentum toward the completion of RODs.

**Prior Board Action**

RESOLUTION	CONTRACT TERM	CONTRACT VALUE
#HSRA 15-18	11/18/2018	\$36,000,000

## **Discussion**

### *Funding Request*

The Authority requested a cost proposal from HNTB for the level of effort and scope of services necessary to complete environmental work through ROD, PE4P and permitting for the San Francisco to San Jose and San Jose to Merced project sections; along with PE4P on the Wye. HNTB presented a cost proposal for an additional \$39,600,000. The cost estimate reflects the scope changes noted above, changes to the project definition, additional technical changes to the project, and additional work within and outside the San Francisco to Central Valley Wye sections. This \$10 million amendment will be used to advance RODs for both sections. Additional work on PE4P and permitting are subject to future priorities developed as part of the baselining process associated with the 2018 Business Plan.

### *Authority Review and Findings*

Authority staff independently estimated the level of effort for Environmental and Engineering services and found that the level of effort, scope of work and planned resources in the proposal were reasonable and necessary to provide those required services. In review of HNTB's proposal, Authority staff considered mitigation strategies to reduce the additional cost of the work, ranging from assignment of Rail Delivery Partner (RDP) staff to augment the HNTB-provided services to eliminating items of scope. However, due to the nature of the work, mitigation strategies are limited as options involve either significantly reducing level of effort by professionals in the specific services being performed or eliminating Environmental and Engineering services that are necessary for program-wide consistency. Authority environmental staff believes both options increase risks associated with quality of the work. The Authority has performed a review of Environmental and Engineering activities for any potential duplication or non-essential efforts and agrees with the proposed scope of work. The Authority will continue to minimize Environmental and Engineering costs by managing the scope and cost of those services through its review, approval and oversight of the task orders.



## **Legal Approval**

The Authority Office of Chief Counsel affirms the Authority's legal ability to amend the HNTB contract to add \$10 million as proposed in this memorandum.

## **Budget and Fiscal Impact**

This proposed budget change is consistent with the 2016 Business Plan cost estimates and is within the Authority's funding source appropriations. Once approved, the HNTB contract will be increased by \$10,000,000 and the Kleinfelder contract for geotechnical site investigation will be decreased by \$10,000,000 resulting in a net zero overall program budget change as shown below. The contract with Kleinfelder for geotechnical site investigation will continue; staff may return to the Board with a recommendation on finishing any incomplete geotechnical work if necessary.

Contract Name	Contract/ Activity Number	Current Contract Budget	Budget Change	Total Revised Budget	Funding Source
HNTB – Environmental & Engineering Services	HSR15-34	\$36,000,000	\$10,000,000	\$46,000,000	State funding
Kleinfelder – Geotechnical Site Investigation Silicon Valley to Central Valley Line	HSR15-172	\$28,000,000	\$(10,000,000)	\$18,000,000	State funding

REVIEWER INFORMATION	
Reviewer Name and Title: <b>Russell Fong, CFO</b>	Signature verifying budget analysis: 
Reviewer Name and Title: <b>James Andrew, Acting Chief Counsel</b>	Signature verifying legal analysis: 

### Recommendations

Staff recommends that the Board approve a reduction of the Kleinfelder contract of \$10 million, and approve a corresponding contract amendment with HNTB for an additional \$10 million to be added to the current contract capacity, for a current total contract not to exceed \$46 million.

### Attachments

- Draft Resolution # HSRA 17-17
- Resolution #HSRA 15-18