SPECIAL MEETING

PENINSULA CORRIDOR JOINT POWERS BOARD

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to Assembly Bill 361 (Gov. Code section 54953).

Directors, staff and the public may participate remotely via Zoom at https://us06web.zoom.us/j/82489853399?pwd=THlabzZYS1NOZGNCbFFYSIFRlYlhNZz09 or by entering Webinar ID: 824 8985 3399, Passcode: 429238 in the Zoom app for audio/visual capability or by calling 1-669-900-6833 (enter webinar ID and press # when prompted for participant ID) for audio only. The video live stream will be available after the meeting at http://www.caltrain.com/about/bod/video.html

Public Comments: Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting’s call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included in the Board’s weekly correspondence and posted online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html.

Oral public comments will also be accepted during the meeting through *Zoom or via the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Use the Raise Hand feature to request to speak. For public participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise the Hand feature for public comment and press *6 to accept being unmuted when recognized to speak for two minutes or less. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Monday, December 6, 2021 10:00 am

1. Call to Order/Roll Call

2. Consideration of Amendment to Peninsula Corridor Electrification Project (PCEP) Budget, Project Change Orders and Increase in Contract Authority

   a. Approve Amendment of Peninsula Corridor Electrification Project (PCEP) Budget
<p>| | |</p>
<table>
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<tbody>
<tr>
<td>b.</td>
<td><strong>Authorize Execution of Change Orders for Balfour Beatty Infrastructure, Inc. (BBII) for PCEP</strong></td>
</tr>
<tr>
<td>c.</td>
<td><strong>Approve Increase in Contract Authority for Jacobs Project Management Company for On-Call Construction Management Services for PCEP</strong></td>
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</tbody>
</table>

3. Adjourn
INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board. If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Agendas are available on the Caltrain website at www.caltrain.com. Communications to the Board of Directors can be e-mailed to board@caltrain.com.

Free translation is available; Para traducción llama al 1.800.660.4287; 如需翻译 请电 1.800.660.4287

Date and Time of Board and Committee Meetings
JPB Board: First Thursday of the month, 9:00 am; JPB Finance Committee: Fourth Monday of the month, 2:30 pm; JPB WPLP Committee: Fourth Wednesday of the month, 3:00 pm. The date, time, and location of meetings may be changed as necessary. Meeting schedules for the Board and committees are available on the website.

Location of Meeting
Due to COVID-19, the meeting will only be via teleconference as per the information provided at the top of the agenda. The Public may not attend this meeting in person. *Should Zoom not be operational, please check online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html for any updates or further instruction.

Public Comment*
Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting’s call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board’s weekly correspondence and posted online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html. Oral public comments will also be accepted during the meeting through Zoom or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Accessible Public Meetings/Translation
Upon request, the JPB will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@smtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records
All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that is distributed to a majority of the legislative body, will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.
TO: Joint Powers Board

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Pranaya Shrestha
Chief of the Caltrain Modernization Program

SUBJECT: AUTHORIZE EXECUTION OF BBII CHANGE ORDERS FOR THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT (PCEP); INCREASE CONTRACT AUTHORITY FOR JACOBS PROJECT MANAGEMENT COMPANY FOR ON-CALL CONSTRUCTION MANAGEMENT SERVICES FOR PCEP; APPROVE AMENDMENT OF PCEP CAPITAL BUDGET

ACTION

Staff and the Peninsula Corridor Electrification Project (PCEP or Project) Change Management Board (CMB) unanimously recommend that the Board:

1. Authorize a global settlement with Balfour Beatty Infrastructure, Inc. (BBII) to resolve commercial issues related to the 2-Speed Check Solution, change orders, and additional costs arising from the extension of the schedule for the Project to 2024. The global settlement would also expedite the administration of contract matters going forward, establish a shared risk pool to jointly manage future potential issues, and provide new incentives for early completion of certain milestones, such as revenue service. The settlement would be effectuated through the approval of three change orders to the BBII Contract (Contract No. 14-PCJPB-P-053) for a total of $346,675,328:
   a) 2-Speed Check Solution Contract Change Order CCO-253 in the amount of $89,780,202 to provide for the design, construction, and completion of the 2-Speed Check Solution.
   b) Global Project Cost Resolution Contract Change Order CCO-254 in the amount of $136,337,784 to settle all change order disputes known to the parties through October 31, 2021, and provide for a shared risk pool for future, potential risks.
   c) Global Project Time Resolution Contract Change Order CCO-255 in the amount of 120,557,342 to settle all disputes with BBII regarding costs associated with the extension of the Project schedule to 2024.
2. Approve an amendment to the contract with Jacobs Project Management Company (Jacobs) for On-Call Construction Management Services (CM Services) for the PCEP to increase the contract total not-to-exceed amount by $18.5 million, from $17 million to $35.5 million, and extend the contract term for an additional eight months, through December 31, 2024, to align with the re-baselined PCEP schedule with revenue service commencing in September 2024, subject to the approval of an amendment to the capital budget for PCEP, described below.

3. Authorize the Acting Executive Director, or designee, to execute the change orders with BBII and the Jacobs contract amendment in a form approved by legal counsel.

4. Approve an increase in total capital project budget of approximately $462 million from $1.98 billion to $2.44 billion for PCEP, as set forth in Attachment 1.

**SIGNIFICANCE**

PCEP is a key component of the Caltrain Modernization program. The Project will electrify the Caltrain Corridor from San Francisco’s 4th and King Caltrain Station to San Jose. The Caltrain Modernization Program also will replace the majority of Caltrain’s fleet of diesel-hauled trains with EMU trainsets and increase service to up to six Caltrain trains per peak hour per direction.

The primary purposes of the PCEP are to improve Caltrain system performance and reduce long-term environmental impacts associated with Caltrain service by reducing noise, improving regional air quality and reducing greenhouse gas emissions. In addition, an electrified Caltrain system will better address Peninsula commuters’ vision of increased service and improved travel times in an environmentally friendly and reliable way. The Project also is expected to help accommodate increased system ridership through improved system operations.

The Project has experienced delays and cost increases arising from the COVID-19 pandemic, unforeseen site conditions, and commercial disputes with contractors, including a dispute with BBII regarding cost responsibility for the 2-Speed Check system, which is responsible for activating crossing protections at vehicular crossings to protect public safety.

In June 2021, the Federal Transit Administration (FTA) issued a Risk Refresh Report on the Project that concluded the Project “has been experiencing serious delays for some time, with accompanying pressure on project costs” and that one of the top Project risks was “resolution of costs and extended-schedule impacts of the Two Speed Check (2SC) grade crossing modification.” The FTA estimated that these delays would increase the Project’s total cost from $1.98 billion to $2.31 billion and extend the Project schedule until 2024.

In order to address these risks fully, in addition to other Project claims, staff engaged in a detailed analysis of the contracting options, budget scrub, and re-baseline of the Project schedule, and determined that a global resolution of commercial issues with BBII represented the least costly option and the one most likely to result in the timely delivery of the Project based on the re-baselined schedule. Staff therefore engaged in extensive negotiations with BBII, which yielded an agreement to resolve all commercial issues through three change orders, described below and a
new approach to Project management – one which relies upon collaboration and shared risk to deliver electrified service in 2024. This includes a shared risk pool of $50 million, which will be managed by staff, in collaboration with BBII, to address the costs of potential, future issues. Any funds remaining in the risk pool following Project completion will be shared equally by the JPB and BBII. In addition, the change orders include new incentive payments of up to $15 million for early completion of Project milestone dates.

The proposed change orders would re-set the relationship between BBII and Caltrain, improve cost and schedule certainty, and establish the conditions necessary to complete the Project and provide electrified service in 2024.

The proposed capital budget amendment would increase the budget from $1.98 billion to $2.44 billion to address the costs of the BBII change orders, as well as allow the JPB to increase the contract authorization for consulting contracts in order to extend the term of those contracts to align with the re-baselined Project schedule, which anticipates revenue service commencing in September 2024. As additional authority is required for a particular contract, staff will present a proposed increase in contract authorization for that contract to the Board. The increase in capital budget authority would cover Jacobs’s proposed increase in contract authorization and it would allow the contract to be extended so that Jacobs can provide construction management services through Project completion. In addition, the capital budget amendment reflects adjustments based on the budget scrub conducted by staff, which identified additional expenses for other contracts necessary to complete the Project in addition to a project contingency.

A. BBII Change Orders

On July 7, 2016, the Board approved a contract with BBII to design and build the infrastructure for PCEP, and work began on the project immediately thereafter.

For the past two years, BBII and Caltrain have been embroiled in a dispute over whether BBII was required to design and build a new grade crossing protection system as part of the base contract price or through an allowance item at a price to be negotiated by the parties at a later date. The current grade crossing protection system contains DC electrical circuits at each vehicular crossing. These circuits are activated when a train approaches a crossing and they lower the crossing gates to protect the crossing. However, the DC crossing circuits will not operate once the rail system is electrified because AC current will be running through the rails.

While Caltrain and BBII have been engaged in mediation of the dispute since late 2019, that process has not yielded a resolution. Therefore, to achieve cost and project schedule certainty, staff, with the assistance of outside experts, engaged in a detailed legal and technical risk assessment, budget scrub, and re-baseline of the Project schedule, to achieve cost and project schedule certainty. In addition, the team engaged in renewed and extensive negotiations with BBII to find a global settlement of disputed issues, including the 2-Speed Check system, additional labor, management, subcontractor, and equipment costs incurred by BBII as a result of the extension of the Project schedule, and pending Project change orders.
After three months of good faith negotiations, Caltrain and BBII have achieved a global settlement. The settlement would be effectuated by Caltrain issuing three change orders to the current design-build contract with BBII. Each change order is described below in more detail.

- **2-Speed Check Solution Change Order CCO-253**

  This Contract Change Order in the amount of $89,780,202 resolves the dispute regarding cost responsibility for the 2-Speed Check Solution and is to provide for the design, construction and completion of the 2-Speed Check Solution, consisting of the following components: (1) $28,088,742 in direct costs to BBII; (2) $51,188,006 for direct and indirect costs to subcontractor Modern Railway Systems (MRS); (3) $8,565,564 for a fee for the 2-Speed Check Solution, which is 5% of total direct and indirect cost of the 2-Speed Check Solution and which compensates BBII for agreeing to a fixed price for the 2-Speed Check Solution Change Order; and (4) $1,937,889 for insurance and bonding costs associated with 2-Speed Check Solution.

- **Global Project Cost Resolution Change Order CCO-254**

  This Contract Change Order in the amount of $136,337,784 resolves all pending change order disputes known to the parties as of October 31, 2021, and establishes a Risk Allowance to address future, unknown events. This change order includes the following provisions:

  (1) $49,491,282 for full and final compensation to BBII/MRS for all costs associated with disputed change orders submitted by BBII through October 31, 2021.
  (2) $47,036,500 for full and final compensation to BBII for all costs associated with disputed change orders for work that was completed but for which change orders were not processed through October 31, 2021;
  (3) $2,219,498 for insurance and bonding costs related to the disputed change orders;
  (4) $50,000,000 for a Risk Allowance to fund unknown risks and costs incurred after October 31, 2021; and
  (5) A credit of $12,409,497 for allowance items that were not utilized.

- **Global Project Time Resolution Change Order CCO-255**

  This Contract Change Order in the amount of $120,557,342 settles all disputes with BBII regarding additional costs arising from the extension of the Project schedule, consisting of the following components:

  (1) $4,426,227 for full and final compensation to BBII for all time related overhead costs and all other related costs incurred by BBII through June 30, 2021;
  (2) $87,608,314 for full and final compensation to BBII for all time related overhead costs and all other related costs that may be incurred by BBII from July 1, 2021 to May 31, 2024, based on the extension of the Project schedule;
  (3) $1,846,880 for insurance and bonds associated with extension of the Project schedule;
  (4) $15,000,000 in new incentives if BBII finishes work before certain benchmark milestone dates;
(5) $3,525,000 in yet-to-be-paid, existing contract incentives, which are incorporated into the change order to compensate BBII for meeting quality, safety, communications, and DBE milestones through the new baseline completion date for the Project; and
(6) $8,150,922 for builder’s risk insurance and a bond surcharge.

The total of the three change orders listed above is $346,675,328. The total BBII Contract amount including three global settlement change orders is $1,097,149,881.

B. Jacobs Contract Amendment

The extension of the Project schedule requires an extension of the contract term and an increase in contract authority for CM Services with Jacobs. Approval of the amendment will ensure uninterrupted services for tasks related to CM Services for PCEP, such as:

- Design-Build Electrification Contract Support
- Tunnel Modification and Track Rehabilitation Contract Support
- Central Equipment, Maintenance and Operations Facility Modification Contract Support

The CM Services to be provided pursuant to the contract amendment will be performed under Work Directives (WDs) issued on an on-call, as-needed basis.

As noted above, several other consultant contracts will require amendment under the increased Project budget authority. Those contracts will be brought to the Board as necessary following CMB approval.

C. Increase in Project Budget

The proposed action, to increase the total capital project budget from $1.98 billion, which was approved by the Board on June 1, 2017, to $2.44 billion, will provide authority, in the form of a Board-approved budget, for the JPB to perform the remaining work necessary to complete the Project and deliver electrified service in 2024.

BUDGET IMPACT

- The PCEP Budget Amendment increases the Project’s total cost from $1.98 billion to $2.44 billion. In addition, the budget amendment includes the costs of the BBII change orders, additional contract authority necessary to align consulting contracts with the new Project schedule, and additional costs identified as a result of the budget scrub for the contracts that are necessary to complete the Project.
- The BBII Change Orders will be funded from the Board-approved PCEP Budget.
- The updated PCEP budget includes an additional $70 million for Consultant Services under the Management Oversight cost element, as well as the costs of other professional service contracts necessary to complete the Project. The Jacobs contract amendment will be funded from the Board-approved PCEP Budget. The updated PCEP budget projection includes an additional $18.5 million for construction management services under the Management Oversight cost element, as well as the costs of other contracts necessary to complete the Project.
BACKGROUND

A. BBII Change Orders

On July 7, 2016, the Board approved a contract with BBII to design and build the infrastructure for the Project. The contract was not to exceed $696,610,558. Since entering into the contract, however, the Board has approved several change orders that have increased the total not-to-exceed amount of the contract to $750,474,553.1

BBII is required to provide a signaling system that will provide grade crossing protection under the contract. However, the parties disagreed regarding costs responsibility and the scope of the signal system. BBII asserts that the parties agreed to address the design and cost of the signal system through an allowance item at a cost to be negotiated by the parties, while Caltrain takes the position that BBII was obligated to provide a fully functioning signal system with the same functionality as the existing system within the lump sum of the contract and within the contract time.

Although the parties subsequently agreed to the design of the 2-Speed Check System, and installation of the system is underway, the parties continued to dispute which party was responsible for the costs of that system and resulting delays.

These disagreements have contributed to a strained and ineffective relationship between Caltrain and its contractors. Combined with the COVID-19 pandemic, interruptions to the supply chain, and unforeseen site conditions, Caltrain's dispute with BBII has contributed to substantial extensions in the Project schedule and cost increases. Moreover, the 2-Speed Check Solution is part of the Project's critical path, slowing down the overall Project's completion.

In order to address this risk, staff engaged in extensive negotiations with BBII, which yielded an agreement to resolve all commercial issues through the three change orders presented above and a new approach to Project management, one which relies upon collaboration and shared risk to accomplish the delivery of electrified service in 2024.

B. Amendment to Jacobs Project Management Company (Jacobs) for On-Call Construction Management Services (CM Services)

Pursuant to Resolution No. 2019-11, the JPB awarded a contract to Jacobs for a five-year term in the amount of $17 million after a competitive procurement process, with a contingency authority of up to 15 percent of the total Board-authorized contract amount to address unanticipated tasks assigned under authorized WDs.

1 Those change orders have included compensating BBII for delays associated with the FTA taking longer than expected to award the FFGA ($16.8 million), for costs associated with designing and installing shunt wires required by the CPUC after the contract had been executed ($10.4 million), and increased allowances for the removal and disposal of contaminated soil ($2.8 million) and for potholing ($5.7 million).
Jacobs serves as PCEP’s construction manager and works closely with other JPB contractors to support the delivery and execution of PCEP construction projects. The CM Services for PCEP include inspection, daily field reports, quality control plan review, drawing review and management, estimating, and scheduling; project and document controls, material testing, construction change order management, proactive issue resolution, claim avoidance and mitigation, and project closeout. These services are required to ensure the successful delivery of PCEP projects in accordance with established construction safety, security and quality standards. CM Services also include administrative functions needed to comply with budget, schedule, payment, final acceptance, and other requirements in support of PCEP construction projects. This work has been significantly delayed by the COVID-19 pandemic and other delays related to the dispute with BBII described above.

Based on Jacobs’ current level of effort, the contract capacity of $17 million will be expended by December 2021, which is about half-way through Jacob’s five-year contract. The increased labor costs result from:

(1) A need to hire additional inspectors at increased rates due to inspectors’ overtime rates for night work and shift work as required by law, and in compliance with California prevailing wage requirements.
(2) An increased number of construction activities that require additional hours for inspection coverage.
(3) BBII’s need for additional time to complete work, extending the need for inspection support.

An increase in contract authority of $18.5 million, from $17 million to $35.5 million, and an eight-month extension of the original term, from April 30, 2024, to December 31, 2024, are therefore needed for Jacobs to continue to perform CM Services. Increasing the contract total will not obligate the JPB to purchase any specific level of service from Jacobs as WDs are issued on a project and as-needed basis. Jacobs’ performance to date has been satisfactory and in accordance with the requirements of the contract.

C. Change to Project Budget

On June 1, 2017, the Board adopted Resolution No. 2017-23 approving an increased total project budget of $1.98 billion for PCEP, including the procurement of Electric Multiple Unit (EMU) rail vehicles from Stadler U.S., Inc. Since then, several smaller increases have been approved in the form of change orders.

As of September 30, 2021, $1,343,811,033 amount of the total project budget of $1,980,252,553 has been expended and an additional $462,438,164 is needed to complete the Project and fund the change orders and contract amendments described above. The proposed budget represents the total amount staff believes is necessary to complete the Project, including a shared risk pool of $50 million and a contingency of $40 million.

Following a final determination by the Board regarding the total project budget, Caltrain will be required to submit a recovery plan to FTA. This plan will identify available funding sources, including $52.4 million in ARP funding, $150 million in credit financing, and $60 million in Measure RR revenues, in addition to a super contingency
of $200 million, which the FTA relied upon in approving the Full Funding Grant Agreement. Staff will present a full funding strategy to the Board in January, but plans to seek state and federal funding to meet the program’s needs. Should these grants or funds not be sufficient, Caltrain will work to identify “own source” funds to fill any gap, including member agency funding, Measure RR revenues, and proceeds from bonds secured by Measure RR or low carbon fuel standards credits revenue.

Prepared by: Pranaya Shrestha
## PCEP Budget Refresh - Oct 31, 2021

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<th>Budget Description</th>
<th>Original/Current Budget</th>
<th>NEW EAC</th>
<th>Variance with Current Budget</th>
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RESOLUTION NO. 2021 –

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

* * *

APPROVAL OF PROJECT BUDGET TOTALING $2.44 BILLION FOR
PENINSULA CORRIDOR ELECTRIFICATION PROJECT

WHEREAS, the Peninsula Corridor Electrification Project (PCEP) is a key
component of the Caltrain Modernization program and will electrify the Caltrain
Corridor from San Francisco’s 4th and King Caltrain Station to San Jose, and the Caltrain
Modernization Program also will replace the majority of Caltrain’s fleet of diesel-hauled
trains with EMU trainsets and increase service to up to six Caltrain trains per peak hour
per direction; and

WHEREAS, the primary purposes of PCEP are to improve Caltrain system
performance and to reduce long-term environmental impacts associated with Caltrain
service by reducing noise, improving regional air quality and reducing greenhouse gas
emissions. An electrified Caltrain system will better address Peninsula commuters’ vision
of increased service and improved travel times in an environmentally friendly
and reliable way. The Project also is expected to help accommodate system ridership
increases through improved system operations; and

WHEREAS, the Project has experienced delays and cost increases arising from the
COVID-19 pandemic, unforeseen site conditions, and commercial disputes with
contractors, including a dispute with its construction contractor, Balfour Beatty
Infrastructure, Inc. (BBII) regarding cost responsibility for the 2-Speed Check system,
which is responsible for activating crossing protections at vehicular crossings to protect public safety; and

WHEREAS, in June 2021, the Federal Transit Administration (FTA) issued a Risk Refresh Report on the Project that concluded the Project “has been experiencing serious delays for some time, with accompanying pressure on project costs” and that one of the top Project risks was “resolution of costs and extended-schedule impacts of the Two Speed Check (2SC) grade crossing modification.” The FTA estimated that these delays would increase the total cost of the Project from $1.98 billion to $2.31 billion and extend the Project schedule until 2024; and

WHEREAS, in order to address to fully address these risks, in addition to other Project claims, staff engaged in a detailed analysis of the contracting options, budget scrub, and re-baseline of the Project schedule, and determined that a global resolution of commercial issues with BBII represented the least costly option and the one most likely to result in the timely delivery of the Project based on the re-baselined schedule; and

WHEREAS, the proposed change orders with BBII for the total amount of $346,675,328 will improve cost and schedule certainty, and establish the conditions necessary to complete the Project and provide electrified service in 2024 and the BBII change orders will be funded from the Board-approved PCEP budget; and

WHEREAS, as a result of the budget scrub of the existing Project budget of $1.98 million, staff identified additional costs of $115.48 million to deliver the Project based on the new Project schedule, including costs for management, real estate, utilities, TASI, and other contracts; and
WHEREAS, as of September 30, 2021, $1.34 million of the total project budget of $1.98 million has been expended and an additional $462 million is needed to complete the project and to fund the change orders and contract amendments described above. The proposed budget represents the total amount staff believes is necessary to complete the project, including appropriate incentives and contingency; and

WHEREAS, staff proposes to obtain the funding necessary to meet this shortfall through state and federal grants and other funding, including $52.4 million in ARP funds previously awarded to Caltrain. In addition to the APR funds, staff has identified $150 million in credit financing and $60 million in Measure RR capital reserves that could be used to fund the Project. The remaining $200 million in required funding could include federal, state, or other funding. Caltrain and its partners will seek federal and state grants to fund the remaining Project costs. Should these grants or funds not be sufficient, then the JPB commits to identifying "own source funding" that would provide the $200 million, including member agencies' funding, Measure RR revenues or proceeds from bonds secured by Measure RR or low carbon fuel standards credits revenue; and

WHEREAS, the proposed action, to increase the total capital project budget from the prior authorized budget of $1.98 billion, which was approved by the Board on June 1, 2017, to $2.44 billion, will provide authority, in the form of a Board-approved budget, for the JPB to perform the remaining work necessary to complete the Project and deliver electrified service in 2024.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby approves the total $2.44 Billion capital project budget for the Peninsula Corridor Electrification Project, as set forth in Attachment 1.
Regularly passed and adopted this 6th day of December 2021 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

_______________________________
JPB Secretary
# PCEP Budget Refresh - Oct 31, 2021

<table>
<thead>
<tr>
<th>Budget Description</th>
<th>Original/Current Budget</th>
<th>NEW EAC</th>
<th>Variance with Current Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrification</td>
<td>$750,474,553</td>
<td>$1,097,149,881</td>
<td>$346,675,328</td>
</tr>
<tr>
<td>EMU Procurement</td>
<td>$555,247,601</td>
<td>$556,072,601</td>
<td>$825,000</td>
</tr>
<tr>
<td>Minor Construction Contracts ( SSF, 25th Grade, Tunnel, CEMOF, SCADA, Non-BBI OCS)</td>
<td>$53,356,235</td>
<td>$67,055,072</td>
<td>$13,698,837</td>
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<tr>
<td>Real Estate Acquisition &amp; Support</td>
<td>$28,503,369</td>
<td>$34,914,177</td>
<td>$6,410,808</td>
</tr>
<tr>
<td>PG&amp;E, Utilities</td>
<td>$117,906,334</td>
<td>$132,088,995</td>
<td>$14,182,660</td>
</tr>
<tr>
<td>Management Oversight &amp; Support</td>
<td>$242,096,973</td>
<td>$312,699,697</td>
<td>$70,602,724</td>
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<tr>
<td>TASI Support</td>
<td>$85,534,961</td>
<td>$114,488,767</td>
<td>$28,953,806</td>
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<tr>
<td>Finance Charges</td>
<td>$9,898,638</td>
<td>$9,898,638</td>
<td>$0</td>
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<tr>
<td>Insurance</td>
<td>$4,581,851</td>
<td>$6,581,851</td>
<td>$2,000,000</td>
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<tr>
<td>Other Required Projects &amp; Services</td>
<td>$11,593,243</td>
<td>$9,084,176</td>
<td>$-2,509,067</td>
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<tr>
<td>Environmental Mitigation</td>
<td>$14,438,866</td>
<td>$14,438,866</td>
<td>$0</td>
</tr>
<tr>
<td>Caltrain Capital Overhead (ICAP)</td>
<td>$0</td>
<td>$48,217,887</td>
<td>$48,217,887</td>
</tr>
<tr>
<td>Contingency (allocated and unallocated)</td>
<td>$106,619,909</td>
<td>$40,000,089</td>
<td>$-66,619,820</td>
</tr>
<tr>
<td><strong>Total - Projected Costs (with BBII Global Settlement)</strong></td>
<td><strong>$1,980,252,533</strong></td>
<td><strong>$2,442,690,696</strong></td>
<td><strong>$462,438,164</strong></td>
</tr>
</tbody>
</table>
WHEREAS, the Peninsula Corridor Electrification Project (PCEP) is a key component of the Caltrain Modernization program and will electrify the Caltrain Corridor from San Francisco’s 4th and King Caltrain Station to San Jose. The Caltrain Modernization Program also will replace the majority of Caltrain’s fleet of diesel-hauled trains with EMU trainsets and increase service to up to six Caltrain trains per peak hour per direction; and

WHEREAS, on July 7, 2016, the Board adopted Resolution No. 2016-35 and approved a contract with Balfour Beatty Infrastructure, Inc. (BBII) to design and build the infrastructure for the PCEP, in a not-to-exceed amount of $696,610,558 (Contract No. 14-PCJPB-P-053). Since entering into the contract, however, the Board has approved several change orders that have increased the total not-to-exceed amount of the contract to $750,474,553 (for compensation related to delays, installing shunt wires, removing and disposing of contaminated soil and potholing); and

WHEREAS, for the past two years, BBII and Caltrain have been in a dispute about whether BBII was required to design and build a new grade crossing protection system as part of the base contract price or through an allowance item at a price to be negotiated by the parties at a later date; and

WHEREAS, in order to achieve cost and project schedule certainty, staff, with the assistance of outside experts, engaged in a detailed legal and technical risk
assessment, budget scrub, and re-baseline of the project schedule, with the goal of achieving cost and project schedule certainty. In addition, the team engaged in extensive negotiations with BBII to find a global settlement of disputed issues, including the 2-Speed Check system, additional labor, management, subcontractor, and equipment costs incurred by BBII as a result of the extension of the project schedule, and pending project change orders; and

WHEREAS, after three months of good faith negotiations, Caltrain and BBII have achieved a global settlement. The settlement would be effectuated by Caltrain issuing three change orders to the current contract with BBII, the 2-Speed Check Solution Change Order CCO-253, the Global Project Cost Resolution Change Order CCO-254, and the Global Project Time Resolution Change Order CCO-255; and

WHEREAS, the 2-Speed Check Solution Change Order CCO-253 in the amount of $89,780,202 resolves the dispute regarding cost responsibility for the 2-Speed Check Solution and is to provide for the design, construction and completion of the 2-Speed Check Solution; and

WHEREAS, the Global Project Cost Resolution Change Order CCO-254 in the amount of $136,337,784 resolves all pending change order disputes known to the parties as of October 31, 2021, and establishes a shared risk pool to address future, potential events; and

WHEREAS, the Global Project Time Resolution Change Order CCO-255 in the amount of $120,557,342 settles all disputes with BBII regarding additional costs arising from the extension of the project schedule; and
WHEREAS, the three change orders listed above total $346,675,328 and the total BBII contract amount including the three global settlement change orders is $1,097,149,881; and

WHEREAS, Staff and PCEP Change Management Board (CMB) recommend that the Board authorize this global settlement with BBII to expedite the administration of contract matters going forward, establish a shared risk pool to manage future potential issues, and provide new incentives for early completion of certain milestones, such as revenue service. The settlement would be effectuated through the approval of the three change orders to the BBII Contract (Contract No. 14-PCJPB-P-053).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorizes a global settlement with BBII to be achieved through the execution of the 2-Speed Check Solution Change Order, the Global Project Cost Resolution Change Order and the Global Project Time Resolution Change Order and increasing the amount of contract with BBII by $346,675,328; and

BE IT FURTHER RESOLVED that the Board authorizes the Acting Executive Director, or designee, to execute the three Change Orders in a form approved by legal counsel.
Regularly passed and adopted this 6th day of December 2021 by the following vote:

AYES:

NOES:

ABSENT:

______________________________
Chair, Peninsula Corridor Joint Powers Board

ATTEST:

______________________________
JPB Secretary
RESOLUTION NO. 2021-
BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

* * *

AUTHORIZE INCREASE OF CONTRACT AUTHORITY FOR JACOBS PROJECT MANAGEMENT COMPANY FOR ON-CALL CONSTRUCTION MANAGEMENT SERVICES FOR THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT BY $18,500,000

WHEREAS, pursuant to Resolution No. 2019-11, the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) awarded a contract for on-call construction management services (CM Services) for the Peninsula Corridor Electrification Project (PCEP) to Jacobs Project Management Company (Jacobs) of Oakland, California for a five-year term in an amount of $17 million, with contingency authority of up to 15 percent of the total Board-authorized contract amount to address unanticipated tasks; and

WHEREAS, as a result of hiring additional inspectors, increased labor costs due to night work, overtime and prevailing wage rates, and an increased number of construction activities requiring additional hours for inspection, existing contract capacity will be expended by December 2021, which is approximately half-way through the contract term; and

WHEREAS, an extended contract term is also necessary to accommodate additional construction management service to support the new project completion schedule of 2024 which was not anticipated at the time of the CM Services contract solicitation and award; and

WHEREAS, an additional $18.5 million in contract capacity and an eight-month extension of the contract term through December 31, 2024 are therefore needed to ensure uninterrupted construction management services for PCEP; and
WHEREAS, Jacobs has worked closely with JPB staff and other contractors to support the delivery of PCEP construction projects since 2019 and, as a result, possesses a distinct familiarity, knowledge, and understanding of PCEP; and

WHEREAS, staff and the PCEP Change Management Board recommend that the Board authorize an amendment to the contract with Jacobs to increase the contract total amount by $18.5 million, from $17 million to $35.5 million, and extend the contract term through December 31, 2024 with the understanding that increasing the contract total and term will not obligate the JPB to purchase any specific level of service from Jacobs, as services are provided on an as-needed basis.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorizes an amendment to the contract with Jacobs Project Management Company for on-call construction management services for the PCEP to increase the contract total amount by $18.5 million, from $17 million to a new contract total amount of $35.5 million, and extend the contract term through December 31, 2024; and

BE IT FURTHER RESOLVED that the Board authorizes the Acting Executive Director, or designee, to execute an amendment to the contract with Jacobs in a form approved by legal counsel; and

BE IT FURTHER RESOLVED that the Board authorizes the Acting Executive Director, or designee, to exercise contract contingency authority in a cumulative amount of up to 15 percent of the new increased Board-authorized contract amount.

Regularly passed and adopted this 6th day of December, 2021 by the following vote:

AYES:
NOES:

ABSENT:

______________________________
Chair, Peninsula Corridor Joint Powers Board

ATTEST:

______________________________
JPB Secretary