

Staff Summary

Item Number 2			
Division, Department Head Name: SVP Operations Support, Stephen M. Plochochi			
			
Internal Approvals			
Order	Approval	Order	Approval
1 WD	Materiel	6 X	Subways
2 X	Law	7 	EVP
3 X	Budget	8 	Acting President
4 X	DDCR		
5 X	CPM		

SUMMARY INFORMATION	
Vendor Name ECCO III Enterprises, Inc.	Contract No. A-36622C
Description Enhanced Station Initiative—Package 3 Improvements at 72nd Street, 86th Street, Cathedral Parkway (110th Street) and 163rd Street – Amsterdam Avenue Stations, 8th Avenue Line Manhattan	
Total Amount \$111,190,000	
Contract Term (including Options, if any) 13.5 months	
Option(s) included in Total Amount? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Renewal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive	
Solicitation Type <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
Funding Source <input type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	

PURPOSE:

To obtain approval of the Board to award a contract for Package 3 of the Enhanced Station Initiative (“ESI”) for the design and construction of improvements at the 72nd Street, 86th Street, Cathedral Parkway (110th Street), and 163rd Street stations along the 8th Avenue Line in the borough of Manhattan to ECCO III Enterprises, Inc. (“ECCO III”) in the amount of \$111,190,000 and a duration of 13.5 months.

In accordance with MTA policy regarding the use of design-build, and to enhance competition and defray proposal costs, this solicitation includes a stipend of \$100,000 to be paid to each unsuccessful proposer whose proposal met a defined standard. Accordingly, permission is also requested to pay a total stipend of \$300,000. This is the third of several construction contracts to be awarded under the ESI Program.

DISCUSSION:

The ESI Program’s focus is on improving the customer experience, the continued responsibility of providing a State of Good Repair (“SoGR”) in stations, and the development of underlying station aesthetics through design innovation. These enhancements will result in stations that are cleaner and brighter, and through the use of more intuitive way-finding and the inclusion of twenty-first century amenities such as Wi-Fi and cellular connectivity, will be easier to navigate. This program includes 31 preselected stations throughout all five boroughs. The work in Package 3 includes (1) design, (2) demolition/removals, (3) SoGR work including concrete and steel repairs, new platform edges, and waterproofing, (4) upgraded electrical and communication systems including new closed-circuit TV cameras in control areas, (5) glass barriers in the fare control areas, (6) new signage and navigation systems providing information at street level, fare control areas, and platforms (dashboards and totems), (7) enhanced street entrances, (8) new LED lighting and illuminated handrails, (9) charging stations, benches, and leaning bars, and (10) contemporary art. Additionally, in order to emphasize the schedule as a critical component of the ESI Program, Package 3 includes early completion incentives for reductions to station closure (bypasses) durations as well as liquidated damages for extended durations resulting from contractor delays.

An Authorizing Resolution requesting the use of a two-step competitive Request for Proposal (“RFP”) procurement process was approved by the Board in April 2016. A request for letters of interest and qualification packages was advertised in May 2016, resulting in the submission of seven responses on June 21, 2016. The Step-1 qualification packages were evaluated against pre-established selection criteria addressing relevant experience, general responsibility, financial resources, and safety record.

Five teams were selected: Citnalta-Forte, Joint Venture (“CFJV”); ECCO III Enterprises, Inc. (“ECCO III”); Judlau Contracting, Inc. (“Judlau”); Picone-Schiavone ESI, Joint Venture (“Picone-Schiavone”); and Skanska USA Civil Northeast (“Skanska”). Pursuant to the Authorizing Resolution, only these pre-qualified teams are eligible to propose on all ESI RFPs in Step 2.

The Package 3 RFP was issued on May 24, 2017. Proposals were received on August 15, 2017 from CFJV – \$121,601,489; ECCO III – \$105,884,992; Judlau – \$103,970,233; and Picone-Schiavone – \$156,897,000. The internal estimate is \$91,597,634. Skanska chose not to propose on Package 3 as the firm decided to focus its full attention on Package 2 which was awarded to them on April 14, 2017.

All proposals were evaluated by a Selection Committee (“SC”) utilizing pre-established selection criteria addressing the proposer’s design and construction approach; overall project schedule; team experience; project management, safety, quality, and M/WBE plans; qualifications and coordination of subcontractors; diversity practices; and other relevant matters. After technical factors, the overall project cost was considered. Supporting the SC evaluation was a Technical Advisory Subcommittee comprised of members from the Program Facilitator/Best Practices Consultant and various NYC Transit departments.

The SC reviewed the technical proposals and subsequently reviewed the price proposals submitted by each proposer. After review and consideration of all proposals, the SC recommended that ECCO III and Judlau be invited for negotiations. Both were unanimous selections as each submitted strong technical proposals including the most competitive schedule improvements.

ECCO III’s proposal was considered the most complete and comprehensive of all four teams considering a five-month design period before the start of the first station bypass. ECCO III proposed a staggered approach with the first station bypass starting approximately five months after award and each subsequent station closing at one-month intervals. ECCO III proposed a combined reduction of 153 days for the four station bypasses. Their Cost Proposal was within 16% of the internal estimate. The SC determined that none of the alternates proposed by ECCO III merited further consideration.

Judlau submitted a very strong technical proposal which also considered a five-month design period with its first station bypass also starting approximately five months after award. However, Judlau proposed to close the three remaining stations simultaneously, approximately 1½ months after the start of the first station bypass and reopen all four stations on the same day. Judlau proposed a combined reduction of 173 days for the four station bypasses as well as a reduction to the maximum contract duration from 14 months to 12 months. Judlau’s Cost Proposal was within 14% of the internal estimate. Judlau proposed no alternates.

CFJV and Picone-Schiavone were not selected for negotiations. CFJV’s technical proposal was determined to be the least preferred of the four proposals and its Cost Proposal was nearly 33% (or +\$30M) more than the internal estimate. Picone-Schiavone submitted a strong technical proposal but offered the least schedule improvements of the four proposals. Its Cost Proposal was more than 71% (or +\$65M) over the internal estimate.

Prior to negotiations and as a result of a recent field walk through of the Package 3 stations, it was determined that replacement of electrical equipment at the 72nd and 86th Street stations is necessary due to their existing condition. Considering the late addition of this work to the project scope, it was determined that an allowance of \$3 million would be included in the contract. Accordingly, the internal estimate was increased to \$94,597,634.

Negotiations were conducted with both firms and included discussions of schedule and overall cost including pricing assumptions. At the conclusion of negotiations, both teams were requested to submit their Best and Final Offer (“BAFO”). BAFOs were received on August 29, 2017. Judlau’s BAFO was \$105,770,233, which represents a reduction of \$1,200,000 (1.1%) from its initial proposal after adjusting for the new allowance item. Judlau also proposed additional improvements to its schedule, including reducing its combined bypass durations by an additional 17 days to 190 days. ECCO III’s BAFO was \$113,190,000, which represents an increase of \$4,305,008 (4%) from its initial proposal after adjusting for the new allowance item. ECCO III offered no additional improvements to its proposed schedule.

The SC reviewed the BAFOs, discussed the schedule improvements proposed by Judlau as well as the increase to ECCO III’s proposal, and revisited the technical evaluations. The SC unanimously recommended Judlau for award, determining that its proposal offered the best overall value to NYC Transit based on the selection criteria. Judlau’s BAFO of \$105,770,233 was \$11,172,599 (11.8%) greater than the revised estimate and was considered fair and reasonable. This review also considered proposed savings in authority-provided services as well as avoidance of incentive payments associated with the reduced bypass durations proposed by both teams.

On September 25, 2017, the recommendation for award to Judlau was presented to the NYC Transit Committee. The NYC Transit Committee, citing ongoing performance issues on MTACC’s project for the Reconstruction of the Cortlandt St #1 Line Station, rejected the recommendation and the NYC Transit Committee requested that NYC Transit consider an agreement with the next preferred proposer, ECCO III, and determine whether such recommendation could be brought to the September Board.

On September 25, 2017, ECCO III was contacted by Procurement and requested to revisit its BAFO and consider whether any additional schedule improvements could be made or price concession offered. On September 26, 2017, ECCO III responded submitting a revised BAFO reflecting a reduction of \$2 million along with schedule improvements including reducing the overall contract duration from 14 months to 13.5 months and further reducing their bypass durations by an additional 28 days. ECCO III's final proposal includes a cost of \$111,190,000, a total duration of 13.5 months and a combined reduction of 181 days for the four station bypasses. The Selection Committee was reconvened on the afternoon of September 26th and notified of the NYC Transit Committee's decision as well as the improvements to ECCO III's BAFO. The Selection Committee unanimously recommended ECCO III for award, determining that its proposal offered the best overall value to NYC Transit based on the selection criteria relative to the proposals of CFJV and Picone-Schiavone. ECCO III's final proposal of \$111,190,000 is \$10,411,489 (9.4%) below the initial proposal submitted by CFJV and \$45,707,000 (41.1%) below the initial proposal submitted by Picone-Schiavone. ECCO III's final proposal is considered fair and reasonable.

ECCO III's prior relevant experience includes several design/build projects for Metro North Railroad including a contract for the Rehabilitation of 9 Hudson Line Stations & the Yonkers Viaduct (\$62.1M), a contract for the Harmon Shop Replacement, Phase III (\$70.5M) and a contract for the Rehabilitation of 5 Mid-Harlem Stations (\$17M). As a result of the recent notice of ECCO III's selection, bonds, financial and insurance approvals are pending. Additionally, ECCO III has certified that it is not on the list of firms debarred from obtaining an award under the Iran Energy Sector Divestment Law.

A background check performed by the Division of Materiel pursuant to the All-Agency Responsibility Guidelines, revealed no Significant Adverse Information within the meaning of the All-Agency Responsibility Guidelines related to ECCO III Enterprises, Inc.

M/W/DBE INFORMATION:

The MTA Department of Diversity and Civil Rights (DDCR) has established goals at 15% MBE and 15% WBE. DDCR is awaiting the submission of ECCO III's M/WBE Utilization Plan. ECCO III indicated in its original proposal that it intended to achieve overall 30% M/WBE participation. A revised plan will be submitted that reflects the final contract amount. An award will not be made until DDCR approval is obtained. ECCO III has achieved the M/W/DBE goals on previous MTA contracts.

CAPITAL PROGRAM REPORTING:

This contract has been reviewed for compliance with the requirements of the 1986 legislation applicable to Capital Contract Awards and the necessary inputs have been secured from the responsible functional departments.

IMPACT ON FUNDING:

This project is funded by the MTA and will be managed by NYC Transit under the MTA Capital Program. Funding is available through the 2015–2019 ESI Program.

ALTERNATIVES:

Perform the work using in-house personnel. Not recommended as in-house forces do not have the resources to perform the scope of this project.

RECOMMENDATION:

That the Board approve the award of a contract for Package 3 of the Enhanced Station Initiative for the Design and Construction of Improvements at the 72nd Street, 86th Street, Cathedral Parkway (110th Street), and 163rd Street stations along the 8th Avenue Line in the Borough of Manhattan to ECCO III Enterprises, Inc. in the amount of \$111,190,000 and a duration of 13.5 months.