



Memo

Date: June 23, 2021

To: Board of Directors

From: Sam Desue, Jr.

Subject: **RESOLUTION NO. 21-06-32 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET)
AUTHORIZING A MODIFICATION TO THE CONTRACT WITH
STELLAR J CORPORATION FOR THE RUBY JUNCTION SHOP
MODIFICATIONS PROJECT**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the Interim General Manager or his designee to execute a modification to the contract (Modification) with Stellar J Corporation (Stellar J) for the Ruby Junction Shop Modifications Project (Project).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required because the proposed Modification increases the change order allowance beyond the amount previously authorized by the Board.

4. Type of Action:

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

The great majority of the repair and maintenance of TriMet's Light Rail Vehicle (LRV) fleet is done at the Ruby Junction LRV facility. One of the two LRV lifts at Ruby Junction is obsolete and can only accommodate TriMet's Type 1 LRVs, which are being phased out as the Type 6 LRVs are being acquired. Therefore, since 2018, TriMet has undertaken a number of structural improvements to the facility so that it will be able to effectively maintain all of the five different types of LRVs in TriMet's fleet, including the incoming Type 6 LRVs.

The scope of work for this Project includes replacing the obsolete in-floor lift that can only raise Type 1 LRVs with a new lift that is compatible with all five of the newer LRV types. The Project also includes making structural improvements to the facility to accommodate the new lift, and removing three existing bridge cranes in order to replace them with newer, more heavy-duty bridge cranes. These installations and renovations are necessary to expand the maintenance capability at Ruby Junction so that TriMet can effectively maintain all types of LRVs anticipated to be in service.

At its December 2017 meeting, the Board approved Resolution No. 17-12-87, authorizing TriMet to execute a contract with Stellar J in the amount of \$3,197,555 for construction services for the Project, along with authorization for a change order of \$639,511.

In November of 2018, Stellar J's lift manufacturer, Macton Corporation, ceased operations and went bankrupt, requiring Stellar J to find an alternate lift manufacturer to meet TriMet's requirements. There are very few domestic manufacturers of the specialized lifts required for LRVs. However, Stellar J identified Whiting Corporation, from Monee, Illinois, as the best, most reliable and most convenient LRV lift manufacturer, and entered into a contract with Whiting to provide the replacement lift.

At its July 2019 meeting, the Board approved Resolution No. 19-07-53, authorizing an additional change order allowance of \$350,000 to account for the cost increase of the replacement LRV lift provided by Whiting Corporation. As a result, the total change order allowance was increased to \$989,511.

However, due to the increased weight and dimensions of the new replacement LRV Lift, Ruby Junction's Lift Bay M5 had to be redesigned so that the building structure could be modified and reinforced to accommodate it. Therefore, at its October 2020 meeting, the Board approved Resolution No. 20-10-42, authorizing an additional change order allowance of \$550,000 to account for the increased costs of the new design work, thus increasing the total change order allowance to \$1,539,511.

Additional contract authority is now needed to account for an increase in the construction cost to install the replacement Whiting LRV Lift. Ruby Junction is an old facility, and the cost increase results from additional structural modifications and reinforcing required by the revised design during the course of construction, as well as the contractor's extended overhead costs due to the approximately two-year increase in the Project's duration.

This Resolution seeks Board approval to increase the current change order allowance by \$400,000, for a new total change order amount of \$1,939,511. This will result in a new total amount for the Project of \$5,137,066. TriMet anticipates completing this Project this summer.

6. Procurement Process

A competitive Invitation to Bid (ITB) process was used to select the contractor for the Project.

7. Diversity

Stellar J utilizes Disadvantaged Business Enterprise (DBE) contractors for approximately six percent of the work. The remainder of the work is self-performed by Stellar J employees.

Since this is a low bid contract, TriMet has had limited input into the subcontractors selected to work on the Project. However, TriMet will continue to work with Stellar J to determine if there are additional opportunities to engage DBE certified firms as subcontractors.

8. Financial/Budget Impact

The Project continues to be funded by amounts remaining in the Portland Milwaukie Light Rail (Orange Line) grant from the Federal Transit Administration (FTA). The change order increase is included in the Construction and Engineering FY 2021 and FY2022 Capital Program budget for the Project.

9. Impact if Not Approved

If the Board decides not to approve this Resolution, TriMet will not be able to increase the change order allowance and the Project will not be able to continue, severely limiting TriMet's ability to maintain all types of its LRVs in a state of good repair.

RESOLUTION NO. 21-06-32

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TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
MODIFICATION TO THE CONTRACT WITH STELLAR J CORPORATION
FOR THE RUBY JUNCTION SHOP MODIFICATIONS PROJECT**

WHEREAS, TriMet has authority under ORS 267.200 to execute a modification to the contract (Modification) with Stellar J Corporation for construction of the Ruby Junction Shop Modifications Project; and

WHEREAS, by Resolution dated October 25, 2017, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring it to approve modifications to contracts that exceed the contract amount previously authorized by the Board; and

WHEREAS, the total amount of the Modification exceeds the change order amount previously authorized by the Board;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall conform with applicable law.
2. That the Interim General Manager or his designee is authorized to execute the Modification to the contract's change order allowance in an amount not to exceed \$400,000, for a new total contract authorization of \$5,137,066, through the Project's anticipated completion in August of 2021.

Dated: June 23, 2021

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman
Legal Department