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TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE *RS*  
CHIEF EXECUTIVE OFFICER

FROM: CAROL INGE *CI*  
CHIEF PLANNING OFFICER

SUBJECT: ECONOMIC STIMULUS-PROJECT STREAMLINING

#### ISSUE

The federal economic stimulus proposals require that projects be ready to go to construction in a short period of time which requires completion of appropriate environmental, design and procurement processes. Depending on the size and nature of the project, these processes can take many months to years to complete. We have been examining all federal, state and local requirements that add time to the project delivery process to see how this time frame could be shortened. This Board Box provides a list of remedies at both the federal and state levels that could reduce the project delivery timeframe.

#### DISCUSSION

In response to the announcement of the potential economic stimulus funds, we developed a list of projects for consideration. A number of the projects that could be delivered in a 90 to 120 day time frame have already undergone state environmental review and procurement processes. These projects would benefit greatly from the recommendation on Attachment A to allow State CEQA environmental clearance to substitute for federal NEPA environmental clearance. Longer term projects on our economic stimulus list (up to two years) would benefit from the longer list of streamlining proposals since they are still in the federal and state review process and could be accelerated, if our streamlining proposals were implemented.

All Strategic Business Units have met to strategize as to which specific actions would best streamline the project delivery process. Ideas pertaining to reforming both the federal and state environmental processes, Federal New Starts approval time lines, Labor Protection as well as Federal and State Procurement requirements, some of which are specific to our agency were suggested. Attachment A contains the list of recommendations, some of which are already being pursued as we attempt to receive these needed funds for the Los Angeles County.

## NEXT STEPS

We will continue to work with legislative leaders, other Self-Help counties and others to gain support for specific items contained in the attached list. It should be noted that prospects for enacting streamlining measures in the Economic Recovery legislation are uncertain. Should the stimulus package be seen by legislators as an unsuitable vehicle for such measures, the upcoming reauthorization of SAFETEA-LU represents the next best opportunity to pursue streamlining and project acceleration initiatives.

## ATTACHMENTS

### A. Project Streamlining Recommendations

**PROJECT STREAMLINING RECOMMENDATIONS**

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Allow CEQA clearance certified by lead agency to substitute for NEPA clearance	Environmental Process	Federal and State	Allow Metro to use its CEQA certified document for NEPA environmental clearance through delegation authority from FTA & FHWA.
NEPA exclusions for capital replacement projects	Environmental Process	Federal	Capital replacement projects such as overlays or reconstructs within the existing road section, guard rail replacement, bridge deck sealing, etc. These types of projects are within existing footprint, do not require right of way acquisition, and are generally Categorical Exemptions under CEQA.
Shorten the time frame from FHWA on scoping document	Environmental Process	FHWA	Parallel with revisions to CEQA regulations, FHWA would set minimum conditions for what must occur during a "robust scoping period" before publishing the Notice of Intent and formally beginning NEPA. Requirements for the "robust scoping period" could include the (1) determination of general project location and (2) modal choice, and (3) the development of a risk management plan.
Scoping for Alternatives Analysis (AA) document to satisfy as scoping for the EIS	Environmental Process	Federal	Allow the scoping conducted for the early AA document to satisfy as the scoping for the EIS without having to conduct it again. Allow scoping to occur without construction dollars being in a funded plan.

Note: Grey shaded areas are ideas from the 1909 Commission report.

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Shortening Permit Process	Regulatory Reform: NEPA	Federal	Require greater coordination among Federal agencies reviewing transportation project permits, including: (1) Setting time limits for review, (2) Using Federal transportation funds to pay for regulatory staff to speed reviews and comply with time limits, and (3) Establishing a high-level appeal process where USDOT can seek redress for adverse decisions.
NEPA Streamlining	Regulatory Reform: NEPA	Federal	Legislatively provide for a simplified NEPA process for projects with few significant impacts, such process could include a simplified check list similar to the 1040 EX tax return.
Revise CEQA regulations to allow additional factors to narrow the number of "reasonable alternatives"	Regulatory Reform	State	Alternatives should: (1) be appropriate for project-level decisions; (2) Reflect community values; and (3) Reflect funding realities.
Relief/ Streamlining of the Local Assistance Process	Approval Process	State	Delegate authority for E-76 approval to District and change E-76 approval to project level, rather by phase.
Transportation Demand Model	New Starts	Federal	If the Regional Transportation Demand Model is reviewed and approved by a FTA certified Peer Review Panel within the last 3 years, allow model results to be used in New Starts documents without any further review by FTA.

Note: Grey shaded areas are ideas from the 1909 Commission report.

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Eliminate requirement for PE approval from FTA	New Starts/Environmental	Federal	Eliminate requirement for PE approval from FTA, if no federal funds are utilized for PE activities. Project sponsors can proceed with design activities at risk during the EIS process. The USDOT recently issued similar guidance for bridge projects.
Simplify New Starts evaluation criteria to 3 basic factors	New Starts	Federal	Simplify New Starts evaluation criteria to 3 basic factors: (1) cost-effectiveness, (2) land use/ economic development, and (3) financial commitment and capacity.
Replace ratings with a "Go/No-Go" determination	New Starts	Federal	If a project passes, it is eligible for federal funds; if it does not pass, it is ineligible.
Create a "fast lane" for certain types of projects	New Starts	State and Federal	Create a "fast lane" for projects that have a state/local capital share of 60% or more- those projects are not subject to standard FTA oversight and reviews (no Project Management Oversight, Financial Management Oversight, etc.)
Establish a statutory and/or bilateral commitment to time frames for Federal approvals	New Starts	Federal	Establish statutory time frames for FTA decision on entry into final design and for the FFGA negotiation process.
Amend 13 (c) labor protection requirements	Regulatory Reform: Section 13 (c)	Federal	Amend 13 (c) labor protection requirements to (1) reduce period of eligibility for dismissal allowances and other benefits from 6 years to 2 years; and (2) provide that 13 (c) does not prohibit or restrict management right to determine means and methods of transit service delivery.

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Adopt an alternative approach to due diligence and risk allocation	New Starts	Federal	Time and resources are expended at the federal level for risk assessment and financial review of New Start projects. Place the primary burden for risk assessment on the party bearing financial risk, the local grantee, and limit the extent of FTA role.
Allow key project activities to proceed after the Record of Decision	New Starts	Federal	Considerable savings of time and money would be achieved, if FTA accelerates the process for the Record of Decision and FFGA.
Allow projects to apply for Federal funds during construction	Funding	Federal	Provide a blanket "Letter of No Prejudice" authority for grantees to use in moving forward with stimulus projects. This would enable the grantee to proceed as fast as possible with local funds and obtain FTA reimbursement at a later date.
CEO Authority	Procurement		Increasing the existing CEO contract award threshold from its current amount.
Allow qualification based procurement	Procurement	Federal	Allow grantees, in federally funded procurement, the flexibility to procure construction work, rolling stock, and other goods and services using any competitive procurement method that provides for award based on qualifications and/or price, as appropriate for the procurement involved, notwithstanding any restrictions in State or local law.

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Revise Procurement Laws	Procurement	State	<ul style="list-style-type: none"> <li>- Change order procedure in Public Utilities Code 130243</li> <li>- Proceed with legislation for Job Order Contracting (Apply to planned Capital Projects that are ≤ \$1 million).</li> </ul>
Establish past performance guidelines and assessments	Procurement	State	Establish past performance guidelines and assessments in: management, overall performance, safety, and quality, to assist in determination of “contractor responsibility.”
Standardize procurement process for construction capital projects and construction major capital projects	Procurement	State	<ul style="list-style-type: none"> <li>- Centralize under one authority</li> <li>- Matrix management of functional groups assigned by projects.</li> <li>- “Cradle to Grave” management versus disjointed project management with hand-offs in responsibility.</li> <li>- Scheduling (i.e. Project Management and Planning)-- team effort</li> </ul>
Budget based management	Procurement	State	Project Budget based management versus line item management. Budget based management in areas such as: task orders, and line items in FIS, etc.
Electronic filing for Procurement and Document Control	Procurement	State	All large solicitations and contracts should be electronic. (e.g. CD and DVD)
Interactive Cost Database	Procurement	State	Establish and utilize an interactive, online cost database to enable easy review/analysis, by many, of prior projects with similar elements.

ATTACHMENT A

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Increase use of dollar threshold	Procurement	State	Increase use of dollar threshold on short form contracts. May require additional legislation.
Use of small Purchase procedures to obtain quotes	Procurement	State, Federal or both.	On Federal and/or State construction contracts up to \$500,000, use small purchase procedures to obtain quotes, no formal bids or proposals. *Additional legislation.
Audit by exception only	Procurement	State – Cal Trans Local Asst. Prog	- At the discretion of the Contract Administrator - Audit by exception, e.g., no overarching requirement or raise the threshold for audit to \$650,000.
Risk assessment of terms and conditions and technical specifications	Procurement	State	Enforce all terms and conditions, or make an affirmative determination of which are actually required and which we are willing to enforce, or eliminate the requirements.
Raise threshold for pre-qualification	Procurement	State	Current threshold of \$100,000 has not changed since inception of the program.
Cost Understanding and unit price books	Procurement	State	Post Award Administration - Establish advanced cost understandings or agreements. - Establish unit price books.
Establish milestone vs. progress payments	Procurement	May require FTA approval	Post Award Administration - Establish milestone payments vs. progress payments (time required to discuss & argue percentage of completion). - May have discussion on completion of milestone.



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Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Avoid constant revision to account information; Payments against one line	Procurement	State	Post Award Administration Project accounting and budget-avoid constant revisions to account information (e.g. project and distribution numbers), - Invoice process time is lessened.
Online Resource Loaded Schedule	Procurement	State	Post Award Administration: Project Control- Online Resource Loaded Schedule.
Expand Project Quest (PQ) and Contract Control System (CCS) agency wide	Procurement	State	There are too many software programs not integrated, duplicated systems with no value added. All contracts relating to construction (i.e. professional services and construction) should be in PQ and CCS.
Streamline change order process through increased utilization of the fact finding process	Procurement	State	Through increased utilization of the “fact finding process” (alpha contracting). (i.e. one step – team based, not individuals: this requires more up front time, but the long term results will be beneficial).
Centralize negotiations for professional services firms that are frequently used	Procurement	State	Standardize overhead rates; establish standard labor categories, hours, etc for similar services for an agreed-to period of time. Designate a Corporate Contracting Officer (CCO) to handle all negotiations for a given major corporation. CCO develops in-depth knowledge of that company’s accounting, estimating, and business practices.

Strategy	Category (Procurement, Legislative, New Starts, etc.)	State/Federal	Description
Use of fixed rate overhead for professional services	Procurement	State	Maximize fully burden labor rates with overhead and fee and establish fixed rates for future years (if audit requirement becomes discretionary, then no discussion is necessary). Overhead adjustments (i.e. provisional vs. actual) will be eliminated when fixed rates are established at the beginning and continue for the duration of the contract.
Reestablish Claims Resolution Board for executive management visibility	Procurement	State	No "carve outs" during claims settlements. Carve outs have proven to be problematic, and instead of speeding closeout tend to lengthen overall time to complete a project, where there is court involvement. Reestablish Claims Resolution Board.
Reduce requirements for close-out	Procurement	State	<ul style="list-style-type: none"> <li>- Requirement: work complete and warranties submitted.</li> <li>- Financial Requirement: claims and payments resolved &amp; receipt of final release and indemnification from prime.</li> </ul>
Utilize FAR as guidance only	Procurement	Federal	Require approval from FTA, as FAR Part 31 (Cost Principles) is now mandatory.