



Metro

January 27, 2012

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY *by [signature]*
CHIEF EXECUTIVE OFFICER

FROM: KRISHNIAH N. MURTHY *[signature]*
EXECUTIVE DIRECTOR, TRANSIT PROJECT DELIVERY

SUBJECT: REGIONAL CONNECTOR TRANSIT CORRIDOR PROJECT
PROCURE DESIGN-BUILD PROJECT DELIVERY METHOD AS
ONE SINGLE CONTRACT

ISSUE

Provide an update on the procurement strategy for the Regional Connector Transit Corridor design-build project.

BACKGROUND

In October 2010, the Board designated the 1.9 mile light rail twin tunnels alignment with three underground stations as the Locally Preferred Alternative and authorized preparation of the FEIS/FEIR. Certification of the Final Environmental Impact Statement will be completed upon issuance of a Record of Decision by the Federal Transit Administration (FTA) in March 2012.

In July 2011, the Board authorized the use of a design-build contracting approach for the Regional Connector Transit Corridor project. As part of the design-build solicitation process, an Industry Review commenced in October 28, 2011 and continued until January 23, 2012. The design consultant is finalizing the preliminary engineering documents.

MTA has adopted a two-step procurement process that begins with the release of a Request for Qualifications (RFQ) to pre-qualify interested proposers followed by release of a Request for Proposal (RFP) for a design-build contract for the Regional Connector Project scope of work. Throughout the industry review period, Metro has solicited input on the technical documents, terms and conditions and contract packaging. As part of the Industry Review, Metro has also solicited input on whether this contract will be procured as one contract or multiple contracts. The majority of interested proposers

requested a single design-build contract. Independently, MTA staff concluded through an assessment of risk mitigation that a single design-build contract would provide the most cost effective approach from an MTA perspective. A Request for Qualifications is being issued in Spring 2012, on the basis of one single design-build contract. A Request for Proposals (RFP) will be issued once the qualified teams have been identified by Metro.

The advantages of a single design-build contract that includes the 1.9 miles of twin tunnels and three underground stations and systems work are listed below:

- Reduced overall cost due to economies of scale.
- Limited access and right-of-way availability for multiple contractors to access construction site and perform work.
- Reduced cost including less contingency in proposers bid due to reduction of uncertainty caused by contract interface coordination requirements.
- Construction interfaces managed by the contractor minimizes any claims that would come from multiple contracts.
- Reduced initial and long term MTA and consultant staffing required.
- Reduced coordination challenges for both design and construction phases.
- Third parties, including but not limited to, City of Los Angeles, Department of Water and Power, Los Angeles Bureau of Engineering, California Public Utility Commission, and County of Los Angeles can coordinate effectively with one contractor.
- Reduced duplicate system design, installation, and testing. This eliminates potential design and interface issues with one design-build contractor performing all facilities and systems work.
- Reduced risk/claim exposure for cost and schedule interfaces between contractors.
- Reduced overall schedule contingency for life of project.
- Reduced risk/claim exposure related to interface issues (mismatched contractor implementation between segments of work and contract interfaces including systems work).

It is estimated that the cost savings to contractor and owner for a single design-build contract would be significant.

Risk Management Benefits

There are significant risk management benefits for a single design-build contract:

- More efficient to administrate from an insurance standpoint
- One wrap-up insurance program covers one contract – multiple wrap-up programs more difficult under Contractor's Controlled Insurance Policy (CCIP)
- Easier to apportion fault
- Lower insurance premiums and deductible costs

Next Steps

MTA will receive Statement of Qualifications (SOQ) from interested proposers in Spring 2012. Metro will evaluate each SOQ and pre-qualify teams to be invited to receive a Request for Proposal.