



October 22, 2002

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: DENNIS S. MORI
INTERIM EXECUTIVE OFFICER
CONSTRUCTION PROJECT MANAGEMENT

SUBJECT: CONSTRUCTION MANAGEMENT SUPPORT SERVICES
CONSULTANT (CMSSC)

*Oct 22 - Const mgmt
consultant*

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ISSUE:

Notify the Board of staff's intent to issue a Request For Proposal (RFP) for a Construction Management Support Services Consultant (CMSSC).

BACKGROUND:

MTA has recently received from Federal Transportation Administration (FTA) approval to proceed with the final design for the Eastside Light Rail Transit Project. This will allow MTA to complete the design of the tunnel construction contract and issue it for proposals in the near future, with an anticipated start of construction by early 2003. In order to maintain the schedule on this project, MTA is now proceeding with the approved Eastside Light Rail Transit Project, Project Management Plan, that is based on an Integrated Project Management Office Structure that has certain construction management support functions being performed by a CMSSC.

In addition, the San Fernando Valley Bus Rapid Transit Project is currently in the midst of procuring a design/build construction contract for the construction of the busway and stations, which is anticipated to be awarded in December 2002. The San Fernando Valley Bus Rapid Transit Project will be managed using an Integrated Construction Management Office Structure, which requires a CMSSC to assist in managing the construction on the project.

NEXT STEPS:

Since the procurement of the CMSSC will take a number of months to finalize, we are proceeding to issue the RFP and will return to the MTA Board during the first quarter of 2003 for award of the Contract. The intent is to obtain the construction management support services within the guidelines set in the attached memo to the MTA Board dated February 22, 2001.

ATTACHMENT

A. Memo to the MTA Board, dated February 22, 2001

Prepared by: James J. Cohen, Director of Construction Management



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MTA BOARD MEETING
February 22, 2001

Los Angeles County
Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012

213.922.6000

Mailing Address:

P.O. Box 194
Los Angeles, CA 90053

SUBJECT: CONTRACTING OUT OF CONSULTANT CONSTRUCTION MANAGEMENT SERVICES

ACTION: APPROVE GUIDELINE FOR CONTRACTING OUT OF CONSULTANT CONSTRUCTION MANAGEMENT SERVICES

RECOMMENDATION

Approve guideline for construction management services of 9.6% of total project cost, and notify the MTA Construction Committee of any change regardless of dollar amount that would increase consultant construction management cost above 9.6% of total project cost.

ISSUE

At the November 2000 MTA Board Meeting, Director Knabe requested staff to submit to the Construction Committee a cost guideline for contracting out of consultant construction management services.

BACKGROUND

Every construction project that is undertaken requires Construction Management services to provide constructability reviews during the design stage and once in construction to provide management of construction activities to ensure that the Authority's interests are protected and it receives the quality product the authority contracted for, within budget and on schedule. These construction management services could be performed in any of the three following scenarios:

- Scenario 1) Contract out the Construction Management services to outside consulting firms.
- Scenario 2) Perform the construction management service with in-house Authority staff.
- Scenario 3) Perform Construction Management services with a combination of Authority in-house staff and outside contracted consultant staff working under an integrated project organization to avoid duplication of efforts.

Some established agencies that have only one or two large construction projects with no long-term construction program, and most newly formed agencies contract their entire construction management service requirements to outside consultants. This is due to the lack of experienced employees on staff to manage construction projects. In addition, by contracting this work out, the agency is relieved from having to hire and lay off properly experienced employees where there is no potential for a long-term construction program.

Older transit agencies that have long term construction programs such as Baltimore MTA, Washington (WMATA) and Boston (MBTA) perform a large part, if not all of their construction management services, by in-house staff supplemented by staff from outside consulting firms as needed. Attachment Table A shows in more detail what types of services are performed under construction management services for some public transit agencies listed above either by in-house staff or outside consulting firms. Attachment Table B shows similar information for non-transit public agencies.

As can be seen from the attached tables, all of the construction management services for MTA or its predecessor LACTC and RTD, with very few exceptions, were contracted out for Metro Red Line Segments 1, 2 and 3, Metro Blue Line Long Beach to Los Angeles and Metro Green Line.

Attachment Table C shows the construction management costs as a percent of project costs for MTA managed projects.

Metro Red Line Segment 3, North Hollywood Extension, which opened up in June 2000 six months ahead of schedule and within original project budget, and is considered to be a well-managed project, had a 9.6% construction management service costs. The construction management services costs for the North Hollywood Extension were fully contracted out.

It should be noted that the construction management services costs for public transit agencies are typically higher than for private sector companies. This is due to a number of factors as listed below:

- Projects receiving federal and state funding are required to be managed under certain requirements and guidelines.
- Added internal public reporting and procedures requirements necessitate a higher level of administration.
- Involvement and coordination with other public agencies.
- Community relations and public community mitigation efforts.

In addition to the above cost generating growth components, MTA is in a unique position being governed by state legislation AB1869, which has increased the administrative portion of the construction management services.

Up to now MTA and its predecessor LACTC and RTD did not have a firm cost target covering the contracting out of consultant construction management services. Each of the past projects

was evaluated as to their construction management needs and requirements to support a defined scope of work. Based on that scope of work a price was negotiated with the firms and the amount was brought forth to the MTA Board for approval.

Due to the experience level of the MTA Construction staff gained in the past number of years, in-house staff during the past 12 to 18 months has taken on and performed a substantial amount of construction management services covering the Capital Improvement Projects such as the Metro Blue Line Platform Extensions, Modification of bus facilities to accommodate CNG buses, the new Metro Green Line Maintenance of Way Facility to name a few.

A preliminary review of the un-audited costs of consultant construction management services of other public agencies showed a range of approximately 6% to 14% as a percent of total project costs. The agencies that did more construction management services work with in-house staff were generally at the lower end of the range. None of the public agencies that we are aware of have a cap on the cost of contracting out of consultant construction management services. They are generally guided by the complexity of the project and it is associated scope of services.

Overall, construction management services costs will vary from project to project due to the complexity of the project and the public mitigation efforts associated with the project. Complex underground construction work requires a higher level of oversight services than surface construction of a lesser complex nature and thus has a higher construction management services cost.

Based on lessons learned and knowledge of past MTA project construction, staff feels that future construction management services can be performed at a lower cost than previously done using an integrated in-house and consultant staff. As can be seen from the information provided above, due to the variation of the technical nature, the complexity and the various size of the project, it may not be appropriate to set a cap on the contracting out of the consultant construction management services. At present, we are not aware of any other agency that has such a cap. In addition, any amount in excess of \$200,000 for consultant construction management services by Board policy automatically goes to the MTA Board for approval. At that time, we would highlight the consultant construction management services cost as a percentage of project cost and provide more details as to its requirements and necessity.

The Metro Red Line Segment 3, North Hollywood Extension, which opened ahead of schedule and within original budget incurred a 9.6% consultant construction management services cost of total project cost and this percentage cost guideline will be used on future projects for consultant construction management services.

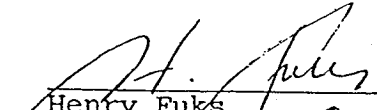
ATTACHMENTS

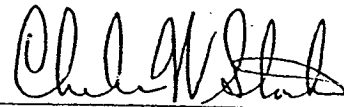
Table A – LACMTA Comparison of Construction Management Services

Table B – Construction Management Comparison Study

Table C – Construction Management Consultant Cost as a Percent of total Project Cost

Prepared by: Construction Division Staff


Henry Fuks
Deputy Executive Officer,
Project Management


Charles W. Stark
Executive Officer, Construction

LACMTA
COMPARISON OF CONSTRUCTION MANAGEMENT SERVICES

TABLE A

TASKS	LACMTA SEG 1	LACMTA SEG 2 SEG 3	LACMTA GREEN LINE LALB BLUE LINE	PORTLAND Tri-Met	SANTA CLARA RTD	BALTIMORE MTA	WMATA	MARTA	MIAMI Dade TA
1. Constructability Analysis	yes	yes	yes	yes	yes	yes	no	yes	no
2. Contract Document Rev.	yes	yes	yes	yes	yes	yes	no	no	no
3. Construction Schedule	yes	yes	yes	yes	yes	yes	no	no	yes
4. Project Procedures	yes	yes	yes	yes	yes	yes	no	no	no
6. Pre-Construction Survey	yes	yes	yes	yes	yes	yes	no	yes	yes
8. Evaluation of Bids	yes	yes	yes	yes	yes	no	no	yes	yes
7. Geotechnical Invest.	yes	yes	yes	yes	yes	yes	no	no	yes
8. Permitting Services	yes	yes	yes	yes	yes	yes	no	yes	yes
9. Resident Engineering	yes	yes	yes	yes	no	yes	no	yes	yes
10. Contract Compliance	yes	no	no	yes	yes	yes	no	yes	yes
11. Schedule Monitoring	yes	yes	yes	yes	yes	yes	no	yes	yes
12. Change Control	yes	yes	yes	yes	yes	yes	no	yes	yes
13. Construction Estimating	yes	yes	yes	yes	yes	yes	no	yes	yes
14. Claims Analysis	yes	yes	yes	yes	yes	yes	no	yes	yes
15. Reporting	yes	yes	yes	yes	yes	yes	no	yes	yes
16. Document Control	yes	yes	yes	yes	yes	yes	no	yes	yes
17. Construction Safety	yes	no	yes	yes	no	yes	no	yes	no
18. Cost Engineering	yes	yes	yes	yes	yes	yes	no	yes	yes
19. Progress Payments	yes	yes	yes	yes	yes	yes	no	yes	yes
20. Submittal	yes	yes	yes	yes	yes	no	no	yes	no
21. Conferences/Meetings	yes	yes	yes	yes	yes	yes	no	yes	yes
22. Inspection	yes	yes	yes	yes	yes	yes	no	yes	no
23. Quality Assurance	yes	no	yes	yes	yes	no	no	no	yes
24. System Safety	yes	yes	yes	yes	yes	no	no	yes	no
26. Safety Certification	yes	yes	yes	yes	yes	no	no	no	no
28. Environmental Review	yes	yes	yes	yes	yes	yes	no	no	no
27. Geotechnical Services	yes	yes	yes	yes	yes	yes	no	no	no
28. Third Party Coordination	yes	yes	yes	yes	yes	yes	no	yes	no
29. CM Community Relations	yes	yes	yes	yes	yes	no	no	no	no
30. Surveys	yes	yes	yes	yes	yes	yes	no	no	no
31. System Management	yes	yes	yes	yes	yes	no	no	no	no
32. Test Program	yes	yes	yes	yes	yes	no	no	no	no
33. As-Built Drawings	yes	yes	yes	yes	yes	no	no	no	no
34. Close-out	yes	yes	yes	yes	yes	yes	no	yes	yes
35. Art for Rail Transit	yes	yes	yes	no	no	no	no	yes	no

YES - Contracted Out

NO - Performed by In-House Staff Supplemented by Outside Consultants As Needed.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
 CONSTRUCTION MANAGEMENT COMPARISON STUDY
 7/18/98 REVISION 2

TABLE B

CONSTRUCTION MANAGEMENT SERVICES	MTA	HYPERION	CENTRAL LIBRARY	CONVTN CENTER	PORT OF LA	COUNTY JAIL	ONTARIO AIRPORT
PRECONSTRUCTION SERVICES							
1. CONSTRUCTABILITY ANALYSIS	X	O	X	X	X	X	X
2. GENERAL CONDITIONS & SPECIALS	X	O	X	O	O	X	X
3. REVIEW OF BID & CONTRACT DOCUMENTS	X	O	X	X	X	X	X
4. CONSTRUCTION SCHEDULE DEVELOPMENT	X	O	X	X	O	X	X
5. PROJECT PROCEDURES	X	X	X	X	O	X	X
6. PRE-CONSTRUCTION SURVEYS	X	O	X	X	O	X	O
7. EVALUATION OF CONTRACTOR'S BID	X	O	X	O	O	X	X
8. GEOTECHNICAL SERVICES	X	O	N	X	O	O	O
CONSTRUCTION & PROCUREMENT MANAGEMENT SERVICES							
9. RESIDENT ENGINEERING	X	X	X	30%	X	X	X
10. CONTRACT ADMINISTRATION	X	X	X	O	X	X	O
11. INSPECTION	X	X	X	O	O	O	O
12. SCHEDULE	X	X	X	X	X	X	X
13. ESTIMATING	X	X	X	X	X	X	X
14. REPORTS	X	X	X	X	X	X	X
15. DOCUMENT CONTROL	X	X	X	X	X	X	X
16. CONSTRUCTION SAFETY	X	O	O	O	O	X	X
17. COST ENGINEERING (FIELD)	X	O	X	O	X	X	X
18. PROGRESS PAYMENTS	X	O	X	O	X	X	X
19. SUBMITTALS	X	X	X	X	X	X	X
20. CONFERENCES/MEETINGS	X	X	X	X	X	X	X
21. QUALITY ASSURANCE	X	O	O	O	X	X	X
22. QUALITY CONTROL	X	O	O	O	X	O	O
23. SYSTEM SAFETY & ASSURANCE	X	N	N	N	N	O	O
24. SAFETY CERTIFICATION	X	N	N	N	N	O	O
25. ENVIRONMENTAL	X	X	O	O	X	O	O
26. GEOTECHNICAL SERVICES	X	O	N	X	O	O	O
27. THIRD PARTY COORDINATION	X	X	X	O	X	X	X
28. CM COMMUNITY RELATIONS	X	X	X	O	O	N	N
29. SURVEYS	X	O	X	O	O	X	O
30. SYSTEMS MANAGEMENT	X	N	N	X	X	X	O
31. TESTING & START-UP	X	X	O	O	X	X	O
32. AS-BUILT DRAWINGS	X	X	O	O	O	X	X

X - Contracted Out
 O - Performed by In-house Staff

TABLE "C"
Construction Management Consultant Cost as a Percent of Total Project Cost

