



June 20, 1995

Franklin E. White
Chief Executive Officer

Los Angeles County
Metropolitan
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Authority

818 West Seventh Street
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213.623.1194

TO: MTA BOARD MEMBERS AND ALTERNATES

FROM: FRANKLIN E. WHITE *FW*

SUBJECT: SUMMARY OF EXECUTIVE ACTIONS RE:
PASADENA BLUE LINE DESIGN COST
CHANGES

I am forwarding to you a copy of my memo to Inspector General Art Sinai asking for a review of the Fluor Daniel "Pasadena Blue Line Design Cost Management Review" document and an audit of each of the Change Control Requests related to the design of the Pasadena Blue Line. A copy of the Fluor Daniel document also is attached. This issue was discussed June 15, 1995 during a meeting of the Construction Committee.

I reported at that meeting there have been violations of MTA procedures, some serious, governing cost controls of design changes on the Pasadena Project. As you will note in reviewing the memo to the Inspector General, the preliminary findings were alarming and must be addressed effectively and in a timely manner.

The Committee was told that there has been significant inattention to detail, breaches of internal cost control procedures and a lack of managerial diligence. In the wake of these findings, the project manager, Lawrence Weldon, has been reassigned. David Sievers, formerly in charge of construction on the Green Line, has been named interim manager of the Pasadena Project.

I have asked the I/G to complete his review and audit as soon as possible. A workshop will be scheduled in July on the status of our review and proposed remedies. We will keep you fully apprised of our investigation as it continues.

Attachments



June 8, 1995

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TO: ARTHUR SINAI

FROM: FRANKLIN E. WHITE *F. White*

SUBJECT: FLUOR DANIEL REPORT ON PASADENA
DESIGN CHANGES

I was briefed today by Fluor Daniel staff as to the results of its report entitled "Pasadena Blue Line Design Cost Management Review" (copy enclosed). The review demonstrates that CCRs approved by the Project Manager have caused the total design cost to now exceed the Board of Directors' "Authorization for Expenditure (AFE)" by something over \$17,000,000. This is alarming.

It appears that much of this work was outside the scope of the original project description. However, what the Fluor Daniel review does not provide is a detailed audit of each CCR, with appropriate conclusions about each as to their legitimacy, and the extent to which established procedures may have been violated.

I am asking that you conduct a review of the Fluor Daniel "Pasadena Blue Line Design Cost Management Review", and an audit of each CCR related to the design of the Pasadena Blue to determine its merits.

Specifically, I am asking that your review, at a minimum, focus on:

1. The extent to which MTA procedures were violated;
2. The reasonableness of staff's action;
3. Whether any of the consultant's changes are disallowable;



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4. What changes must be made to MTA procedures to strengthen our internal control of all project management processes;
5. Possible changes in contract language to be applied to future contracts.

I ask that your review be completed and a report rendered to me as soon as possible.