



December 12, 1996

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**TO: MTA BOARD OF DIRECTORS**

**FROM: LARRY ZARIAN, BOARD CHAIRMAN**  
**JOSEPH E. DREW, CHIEF EXECUTIVE OFFICER**

**SUBJECT: GANNETT FLEMING CONTRACT NO. PM020**

In June 1996, the Board of Directors approved an Authorization for Expenditure (AFE) in the amount of \$1,600,000 for Gannett Fleming to provide Project Management Oversight services. In this role, the PMO reports directly to the MTA Board of Directors through the Chief Executive Officer. Currently, they perform oversight activities on the Pasadena Blue Line and L.A. Car.

In accordance with the contract awarded to Gannett Fleming, the PMO consultant developed a comprehensive workplan with detailed tasks. (Please see "Attachment A" for detailed tasks proposed as PMO activities for the Pasadena Blue Line and L.A. Car.)

In addition to these PMO activities, there is a need for the Board of Directors to have oversight of the Metro Red Line projects. Currently, this agency does not have direct oversight of the Red Line project; this function, as you are aware, is performed by Hill International at the direction of the FTA.

Absent this direct oversight capacity, the MTA Board of Directors does not have the benefit of timely investigation and reporting of critical activities and incidents. In response, the consultant has proposed that the Red Line PMO tasks in "Attachment B" specifically address this void. The Board will recall the CEO discussed this concept in June when the AFE was set.

## DISCUSSION

Since the award of this contract, Gannett Fleming has performed PMO services under a Limited Notice to Proceed in the amount of \$400,000. This authorization was exhausted as of October 31, 1996. In good faith, Gannett has sustained the expected level of effort necessary to maintain oversight activities, and since November 1996, the aggregate of all work performed to date totaled \$502,000. Enclosed herewith as "Attachment C" and "Attachment D" respectively, are the October and November Monthly Reports which summarize these activities.

In January 1997, based on the enclosed workplans which have been submitted by the PMO consultants and reviewed by staff and the Board of Directors, staff will be recommending that the Board approve and authorize the expenditure of funds against comprehensive Contract Work Orders (CWOs), in an amount contained within the approved Authorization for Expenditures (AFE) of \$1,600,000.

The Board should review the attached scopes of work with expectation that there is flexibility to amend or revise these tasks as needs and requirements change.

With this in mind, the following is proposed:

	Tasks	Costs To Date
1. Project Management	329,933.	111,000.
2. Pasadena Car	502,108	297,000.
3. L.A. Car	284,849.	69,000.
4. Metro Red Line	<u>479,033.</u>	<u>25,000.</u>
<b>Total</b>	<b>\$1,595,923.</b>	<b>502,000.</b>

Your review and comments are appreciated before January 3, 1996.

# **ATTACHMENT "A"**

PROPOSED PMO SCOPE OF WORK  
AUGUST 1996 - JUNE 1997  
PMO MANAGEMENT, PASADENA BLUE LINE AND L.A. CAR

## **CWO 96-01 PROJECT MANAGEMENT**

### **01.0 Project Management**

Provide underlying support to PMO effort which is not task specific. Includes general project guidance from Project Principal, contract and administrative efforts of Project Manager, administrative project controls (schedule and budget), advice and guidance in agency organization and management, general communications support (e.g., monitoring of press and community issues), clerical and non-technical administrative support, and limited general technical support. Includes Mentoring Group Council.

## **CWO 96-02 PASADENA BLUE LINE**

### **02.0 PBL Project Monitoring and Reporting**

Participate in various meetings, workshops, and presentations as required to fulfill the PBL PMO function. In addition, produce correspondence, reports and other communications so as to provide the necessary information to the CEO and the Board.

#### **02.1 Review of PBL Project Implementation Plans**

Review the Project Implementation Plans (PIPs) prepared by the EMC. Assess the Plans for completeness, clarity and reasonableness with respect to an anticipated start of facilities design activities, start of facilities construction, and the continuity of the Work.

#### **02.2 Review of Updated Design Standards & Criteria for PBL Project**

Review the Design Standards & Criteria (DS&C) for the project in terms of a quality audit to assess its completeness and clarity. Focus on project-specific design standards resulting from MTA recommendations by the Cost Containment and Value Engineering studies and a review of the documents to assess the completeness of the changes in the fixed facilities standards and criteria and impacts to the systemwide elements.

### **02.3 Review Business Plan PBL Project**

Review and comment on MTA's Business Plan to verify reflection of any and all changes in project management policies, procedures, and functional and organizational operating plans. Focus on changes and impacts to the original Business Plan brought about by the changes in organizations, policies, agreements or other directives and on a review of the document's content for completeness and clarity.

### **02.4 Evaluate Policies, Procedures, and Practices for PBL Project**

Review the project policies, procedures, and practices for the project to assess their applicability, completeness and fit with respect to overall project execution. Focus on the following areas:

- The Arthur Anderson Report and the resolutions, actions and schedule for implementation (Engineering Improvement Plan)
- Construction cost control during the Design Phase (Design to Budget!)
- Design progress assessment and reporting procedures

### **02.5 Review of Design Packages for PBL Project - Deferred**

### **02.6 Review of Procurement and Contracting Methods and Schedule for PBL Project**

Review the current procurement process and schedule. Focus on the Project Procurement Schedule, on an assessment of contracting methods in light of an early start of construction, work continuity and logistics, and on a review of contract language (General Conditions, etc.) for fixation of responsibility, accountability and balance of risk.

### **02.7 Review Communications & Community Relations Plans for PBL Project**

Review and comment on the existing and planned project Communications and Community Relations Plans and organization for the project. Focus on the lines of communication, procedures for transmittal of information as well as the prioritization of critical information, and on the action plan for community information and interaction.

## CWO 96-03 L.A. CAR

### 03.0 LA Car Project Monitoring and Reporting

Participate in various meetings and presentations, as required to fulfill the L.A. Car function. In addition, produce correspondence, reports, and other communications so as to provide the necessary information to the CEO and the Board.

### 03.1 Review Existing L.A. Car Reports, Data, Recommendations

Review the existing documentation as supplied by MTA, to become fully aware of the background and current status of this project. Review the Business Plan with respect to achievability of budgets and schedules. In addition, evaluate the fleet compatibility between the Green and Pasadena Blue Lines to assess the differences in systems and facilities between lines and technologies.

### 03.2 Evaluate Policies, Procedures, Practices for L.A. Car Project

Review and evaluate project policies, procedures and practices related to the L.A. Car project to assess their applicability, completeness, and fit with respect to execution of the project. Focus on the following four areas:

- Organizational structure and reporting relationships
- Quality Assurance Plan
- Vehicle Testing Procedures
- Vehicle Acceptance Program

### 03.3 Review L. A. Car Delivery Process

Review and comment on the schedule and process for the production of the vehicles. Focus on the delivery schedule to assess the ability of the supplier to meet the contract requirements and provide recommendations for mitigating product delivery concerns.

### 03.4 Review Vehicle Testing for L.A. Car Project

Review the proposed Test Plan for the L.A. Car to assess the completeness of subsystems tests and overall vehicle performance tests, consistent with industry practice. Focus on actual performance of the prototype vehicles *vis a vis* the specification requirements, on integration of components - signal/control systems, and on life cycle cost issues (energy consumption and maintenance).

## **APPROXIMATE TASK COSTS**

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### **CWO 96-01 PROJECT MANAGEMENT**

01.0 Project Management **\$329,933**

### **CWO 96-02 PASADENA BLUE LINE**

02.0 PROJECT MONITORING AND REPORTING \$191,591  
02.1 REVIEW OF PBL PROJECT IMPLEMENTATION PLANS \$ 70,300  
02.2 REVIEW OF UPDATED DESIGN STANDARDS & CRITERIA FOR PBL \$ 28,505  
02.3 REVIEW BUSINESS PLAN \$ 29,438  
02.4 EVALUATE POLICIES, PROCEDURES, AND PRACTICES \$ 78,579  
02.5 Deferred  
02.6 REVIEW PROCUREMENT/CONTRACTING METHODS & SCHEDULE \$ 36,473  
02.7 REVIEW COMMUNICATIONS & COMMUNITY RELATIONS PLANS \$ 67,222

TOTAL FOR BLUE LINE TASKS **\$502,108**

### **CWO 96-03 L.A. CAR**

03.0 LA CAR PROJECT MONITORING AND REPORTING \$ 61,301  
03.1 REVIEW EXISTING LA CAR REPORTS/DATA/RECOMMENDATIONS \$ 70,113  
03.2 EVALUATE POLICIES, PROCEDURES, PRACTICES FOR LA CAR \$ 57,793  
03.3 REVIEW LA CAR DELIVERY PROCESS \$ 37,047  
03.4 REVIEW VEHICLE TESTING FOR LA CAR \$ 58,595

TOTAL FOR LA CAR TASKS **\$284,849**

# **ATTACHMENT “B”**



PROPOSED PMO SCOPE OF WORK  
AUGUST 1996 - JUNE 1997  
METRO RED LINE

**CWO 96-04 METRO RED LINE**

**04.1 Review Financial Controls** (Board Directed November 1996)

Review creation of an "Adjusted Project Budget" line item to determine expected benefits and impacts. As part of this process, review the current MTA reporting mechanism for financial control and procedures for cost accounting, and compare them with the policies, procedures and practices of other transit agencies. Assess the past history of a sampling of MTA capital works contracts from the initial contract award approvals through to contract completion to describe the financial controls, reporting of costs, budgets, contingencies and initial predictions against actual contract cost performance.

**04.2 Review Project Management Plans**

For each extension, assemble and review available management plans, including Project Management Plans (PMP), Project Implementation Plans (PIP), and Contract Implementation Plans (CIP). Review should encompass, at a minimum, an assessment of the overall reasonableness of the schedule, contract packaging, project budget, reporting relationships, and identification of decision points and key issues, including funding. Compare actual project implementation against approved plans.

**04.3 Review of Master Schedules**

For each extension, assemble and review available master schedules. Review should, at a minimum, evaluate whether the schedule is internally consistent and reasonable, addresses external constraints, is appropriately resource loaded, reflects current contract packaging and is achievable. Summarize opportunities for reducing project schedule and the corresponding actions required and potential impacts. Evaluate the process by which the Master Schedule is routinely approved and updated. Compare actual progress against approved schedule.

**04.4 Review Project Estimates**

For each extension, review the project estimates. For segments currently under construction, review estimates of cost to complete. Review of estimates should include, at a minimum, evaluate the use of a consistent cost database, and the level of detail *vis a vis* status of project. For those project still in planning or

design, determine whether the estimate detail is consistent with the level of design completion. Evaluate the quality of the estimate through review of the estimating procedure and evaluation of historical estimates vs. actual costs. Review use of contingencies. Evaluate both soft costs and hard costs.

#### **04.5 Evaluate Project Implementation Process**

For Segment 2 and Segment 3 (North Hollywood), prepare a *de facto* Business Plan which reflects the actual project implementation process. Plan to include the following:

- Summary of major assumptions which formed basis of decision to proceed from planning to design/construction
- Current implementation schedule
- Current financial plan
- Current project organization

Evaluate *de facto* Business Plans and prepare recommendations for change, if appropriate.

#### **04.6 Review Hollywood Claims Avoidance/Claims Adjustment Process**

Assemble historical and current information regarding claims handling (including claims avoidance) procedures for residents and businesses along Hollywood Boulevard. Summarize adequacy of these procedures and the nature of problems as they have been perceived by the affected community. Identify lessons learned on Hollywood Boulevard which can be applied to other rail projects. Review MTA administration of the Claims Adjustment Process from a financial standpoint to verify that settlement amounts are determined through a consistent, reasonable process.

#### **04.7 Track MTA's Response to Recommendations of the FTA PMOC (Hill)**

Assemble and maintain a database of outstanding recommendations contained in reports to the FTA by FTA's PMOC, Hill International. Where appropriate, critically review the recommendations themselves and on an ongoing basis, evaluate and report on MTA's response to these recommendations.

#### **04.8 Review Design Process to Evaluate Impact of Joint Development and Bus Operations**

Review the process whereby joint development opportunities are integrated into rail design activities. Assess the projects developed to date, their impact on long term revenue (for joint development) and their convenience for transit riders (in the case of bus operations). Review and assess the timing of commitments, funding and design direction for property acquisition at station sites relative to both joint development and bus operations.

#### **04.9 Review Recovery of Costs Resulting from Red Line Claims**

Determine the extent to which the change order process assigns accountability to responsible professionals other than the contractor submitting the change order or claim. Select a sample of change orders and perform an independent review of the cause(s) of the change to determine if cost recovery efforts have been appropriate.

#### **04.10 Review the Red Line "Design Support During Construction" Process**

Develop a flow chart depicting the process by which EMC provides design support during construction. Evaluate the degree to which that process meets the needs of the CM, both in terms of the process itself and in terms of the performance of the EMC and CM in effectively following the process. Recommend improvements, as appropriate.

#### **04.11 Evaluate the Design Review Process**

Develop a flow chart depicting the process by which designs are reviewed, both within the EMC and by MTA. Review adequacy of that process in terms of efficiency and accountability. Review should include an assessment of the method by which the level of completeness of the design is determined. Review the EMC's and MTA's performance in effectively following the process. Recommend improvements, as appropriate.

#### **04.12 Evaluate Implementation of New Accountability Guidelines**

Develop a flow chart depicting the process for authorizing new (out of scope) design work. Review actual experience in implementing this process, accounting for the way in which staff is interpreting and implementing the Board-directed accountability guidelines. Identify not more than five critical points where the accountability guidelines result in delays in start-up of the new design work. Identify revisions to the process which will mitigate delays.

#### **04.13 Evaluate the Construction Change Control Process**

Summarize the current construction change control process in a way which accounts for both claims and agreed-to changes. Evaluate the way in which the current process promotes or inhibits meaningful reporting to the Board. Review the degree to which the current process is followed or circumvented. Propose recommendations for change, as appropriate.

## APPROXIMATE TASK COSTS

### **CWO 96-04 METRO RED LINE**

04.1 REVIEW FINANCIAL CONTROLS	\$ 23,210
04.2 REVIEW PROJECT MANAGEMENT PLANS	\$ 51,589
04.3 REVIEW OF MASTER SCHEDULES	\$ 47,226
04.4 REVIEW OF PROJECT ESTIMATES	\$ 36,785
04.5 EVALUATE PROJECT IMPLEMENTATION PROCESS	\$ 75,721
04.6 REVIEW HOLLYWOOD CLAIMS PROCESS	\$ 42,488
04.7 TRACK MTA'S RESPONSE TO FTA PMOC RECOMMENDATIONS	\$ 32,800
04.8 JOINT DEVELOPMENT/BUS OPERATIONS IMPACT ON DESIGN	\$ 55,775
04.9 REVIEW RECOVERY OF COSTS RESULTING FROM CLAIMS	\$ 39,227
04.10 REVIEW RED LINE DESIGN SUPPORT DURING CONSTRUCTION	\$ 18,883
04.11 EVALUATE THE DESIGN REVIEW PROCESS	\$ 17,169
04.12 EVALUATE IMPLEMENTATION OF ACCOUNTABILITY GUIDELINES	\$ 13,715
04.13 EVALUATE THE CONSTRUCTION CHANGE CONTROL PROCESS	\$ 24,445
 TOTAL FOR METRO RED LINE TASKS	 <b>\$479,033</b>

12/12/96

Z:PMOSCOPE.

# **ATTACHMENT "C"**