

April 10, 1996



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TO: BOARD OF DIRECTORS
FROM: JOSEPH E. DREW, CHIEF EXECUTIVE OFFICER
**SUBJECT: ORGANIZATIONAL APPROACH FOR THE
METRO RED LINE, EASTSIDE EXTENSION**

RECOMMENDATION

Receive and file:

- a) a report from the Ex-Officio officers of the MTA Construction Committee on the procurement process for Contract No. MC036, covering construction management services for the Metro Red Line, Eastside Extension; and
- b) responses to inquiries from Board members which include staff recommendations regarding Metro Red Line, Eastside Extension organizational structure and construction management.

ORGANIZATIONAL IMPACT

Completion of the Ex-Officio officers review of proposals and the selection process for the Eastside construction management services (proposals and the selection process for the East Side construction management services) will allow for resolution of a major pending contract award.

Implementation of a Co-Located Project Office approach with a Construction Management Consultant providing additional staff will provide an organizational approach aimed at achieving greater control and coordination of Eastside Extension project activities.

BUDGET IMPACT

The impact on the budget and other cost concerns is described in Attachment "1".

ALTERNATIVES CONSIDERED

The alternatives considered for the recommendations above are described in Attachment "2".

BACKGROUND/DISCUSSION

The Ad Hoc Committee composed of Messrs. Dahl, Battey, Patsaouras, and Dr Eisenstein has completed its review of the Eastside CM proposals and video tapes

of interviews and have found no fatal flaws in the selection process. However, if a specific recommendation is required of the Committee, additional effort would be required due to the need to have an opportunity to direct specific questions to the top two ranked proposers. If this is desired, the Committee is prepared to conduct interviews with the top two proposers in the next week and make a final recommendation within two weeks of this meeting.

In an effort to provide the MTA Project Manager with the tools to better control the Eastside Extension project, the MTA Board asked staff to investigate more effective and innovative approaches to project execution. A study performed by Fluor Daniel, Inc. (FDI) and issued in November, 1995, recommended the Joint Project Office, or integrated project office, as a viable way to respond to the Board's requests. This issue has been addressed with the Board in a Construction Committee meeting. A workshop conducted on December 8, 1995, followed by a briefing paper in February, 1996, and a special meeting of the Construction Committee on April 4, 1996.

At the Special Construction Committee Meeting Board members raised numerous questions and concerns regarding the proposed implementation of the Joint Project office. Following the meeting the staff reassessed the issue in light of the Board's concerns and the recommendations of the Arthur Andersen Report and determined that a more prudent approach would be a Co-Located Project Office. Using Co-Location at this time will permit the flexibility to transition to a Joint Project Office during the course of the Eastside Extension Project, if a determination is made that the MTA is ready to take that step. Responses to questions raised by Board Members at the Special Construction Committee meeting are being prepared and will be presented at the April 18 Construction Committee Meeting.

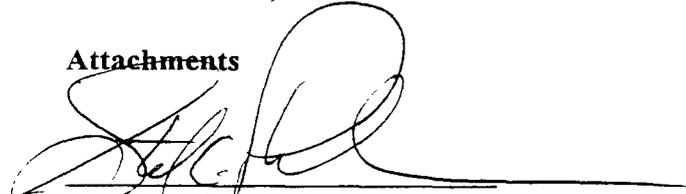
DBE PARTICIPATION

Potential impacts to the DBE participation expected on this project can not be assessed at this time.

Prepared by:

Joel J. Sandberg, Deputy Executive Officer/Project Manager
Metro Red Line, Eastside Extension

Attachments



Stanley G. Pernambucq
Executive Officer, Construction

Attachment "1"

The exact impact of this recommendation on the project budget is indeterminate until more specific implementation decisions are made, such as the location of the project office and the number of staff and consultants to be re-located. Generally speaking, increased cost is likely when compared to MTA's present practice due to the relocations and possible additional lease costs. Increased costs are expected to be more than offset by the cost containment benefits resulting from more efficient communications, more timely decision making, and increased opportunities to minimize construction changes and mitigate other cost growth.

Overall, it is likely that this recommendation is within the Board approved project budget of \$979,600,000 and that there is no impact to the fiscal year budget or the sources of funds, either in the fiscal year or over the life of the project. The impact, if any, on project contingency is indeterminate at this time.

Attachment "2"

The Construction Committee at its Special meeting on April 4, 1996 considered establishing an independent pool of experts to evaluate consultant proposals, including those recently received for Eastside Construction Management services. After deliberation, the Committee directed the Ex-Officio members and Dr. Eisenstein to conduct a review of the Eastside Construction Management consultant proposals and selection process.

The Co-located Project Office approach is one of four alternatives considered for use as a management approach for the Eastside Extension. Two alternatives, the current MTA practice and the Joint Project Office using a construction management consultant to supply additional staff, have been the subject of consideration since the Summer of 1995. Two additional alternatives have recently been presented, the Joint Project Office using a Job Shop to supply needed additional construction management staff and the Co-Located Project Office, where the current MTA management approach would be used but the MTA Project staff, Engineering Management consultant core staff, and a Construction Management Consultant, would be co-located in one Eastside Extension project office.