



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

CONSTRUCTION COMMITTEE
FEBRUARY 20, 2002

PROJECT: METRO RED LINE, SEGMENT 2,
VERMONT/HOLLYWOOD CORRIDOR, AND
SEGMENT 3, NORTH HOLLYWOOD EXTENSION

CONTRACT: MC056, CLAIMS, LITIGATION AND
CLOSEOUT SUPPORT
PINNACLEONE

ACTION: CONTRACT MODIFICATION IN AN AMOUNT NOT
TO EXCEED \$780,934 AND APPROVE AN INCREASE
IN THE AUTHORIZATION FOR EXPENDITURE IN
AN AMOUNT NOT TO EXCEED \$780,934

RECOMMENDATION

- A. Authorize the Chief Executive Officer to negotiate and execute Change Order No. 5 to Contract No. MC056, claims support, with PinnacleOne, to provide continued claims, litigation and closeout support for Metro Red Line, Segment 2 and Segment 3, in an amount not-to-exceed \$780,934, increasing the Total Contract Value from \$6,065,826 to \$6,846,760; and
- B. Approve an increase in the Authorization for Expenditure (AFE) to Contract No. MC056 to provide funding for continued Segment 2 and Segment 3 claims and closeout support in an amount not-to-exceed \$657,307, increasing the current AFE from \$6,189,453 to \$6,846,760.

Within Construction Committee authority: Yes No N/A

BACKGROUND

PinnacleOne's services have been responsive and effective since their commencement in early 2000. Their skills and knowledge have benefited the MTA by expediting the resolution of complex and difficult claims and changes, and by establishing defensible, convincing MTA positions in higher level dispute resolution procedures, to include litigation. In staff's opinion their experience with Segment 2 and 3 contracts and their related issues makes extension of their services the only practicable means of continuing needed closeout assistance. Engagement of another consultant, either as a sole source or by competition, to provide the needed assistance would delay closeout and result in inefficiencies and higher costs.

During its term of service the PinnacleOne team has completed entitlement analyses on 454 claims, and has assisted in processing of 306 change notices unrelated to claims, across 30 contracts. They are currently assisting in administrative closeout of 25 contracts and reporting on the closeout progress of 71 contracts. Based upon staff's updated projection of the Segment 2 and Segment 3 closeout schedule, PinnacleOne's support will be needed for an additional six months. The services which the firm would provide during this period are listed in Attachment 2 and would include (1) technical support for closeout of Contracts B641, B710 and C0390; (2) reporting of closeout progress on all other open Segment 2 and 3 contracts; and (3) continued claim and litigation support for technical and administrative closeout for the ten Tutor-Saliba-Perini and Tutor-Saliba Corporation contracts. An extension from February 28, 2002 to August 31, 2002 is required and includes the effort for closing out Contract MC056.

FINANCIAL IMPACT

Original Contract Award	\$3,695,000
Current Cumulative Contract Value	\$6,065,826
This Action	\$ 780,934
New Cumulative Contract Value	\$6,846,760

The funds for this action are available within the Board approved Segment 3, North Hollywood Extension, Project Budget of \$1,313,848,000 and Segment 2, Vermont/Hollywood Corridor, Project Budget of \$1,738,711,000. This recommended action will increase the current Segment 3, North Hollywood Extension AFE by \$505,019 from \$1,609,846 to \$2,114,865 and will increase the current Segment 2, Vermont/Hollywood Corridor, AFE by \$152,288 from \$4,579,607 to \$4,731,895.

The current status of this contract, including the impact of this recommended action, is shown in Attachment 1. If this action is approved, the current budget for this contract will be increased with approved project funds from the Project Contingency cost element. This action does not impact the MTA Fiscal Year Budget or the Sources of Funds, either in the fiscal year or over the life of the project.

ALTERNATIVES CONSIDERED

The MTA Board may reject the recommended action; however, this will delay the MTA in resolving the remaining claims and changes on Segment 2, Vermont/Hollywood Corridor, and Segment 3, North Hollywood Extension, and complete closeout. This may also result in claims and unresolved changes going to litigation. Based on the litigation costs for MTA in defending itself on the Wilshire Corridor against contractual claims, the legal costs alone will be significantly more than the recommended alternative.

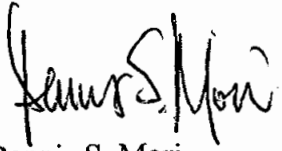
The MTA Board could direct staff to procure the continued claims and litigation support services from another contractor, but this is impractical given the schedule constraints, the amount of remaining work involved, and the learning curve a new contractor would have to undergo in

formalizing itself with the work. PinnacleOne is most familiar with the ongoing work and can most efficiently perform the needed services. MTA also does not have sufficient staff or expertise in-house to complete these services nor could additional staff be recruited and trained in time.

ATTACHMENTS

- A. Procurement Summary
- A-1. Procurement History
 - 1. Contract Value Status Summaries (2)
 - 2. List of Remaining Contract Tasks

Prepared by: Olga Cervantes, Contract Administration Manager
Jay Smith, Contract Administrator



Dennis S. Mori
Interim Executive Officer, Construction



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

**METRO RED LINE, SEGMENT 2, VERMONT/HOLLYWOOD CORRIDOR, AND
SEGMENT 3, NORTH HOLLYWOOD EXTENSION**

1.	Contract Number: MC056		
2.	Recommended Vendors: PINNACLEONE		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: NTE \$780,934	Recommended Price: NTE \$780,934	
	B. Details of Significant Variances: See Attachment A-1.D		
4.	Contract Type: Cost Plus Fixed Fee		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: 02-05-02 (for this change)		
6.	Small Business Participation: See Attachment A.1-E		
	A. Bid Goal: See Attachment A.1-D	Date Small Business Evaluation Completed: N/A	
	A. Small Business Commitment: See Attachment A.1-D		
4.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
5.	Evaluation Information:		
	A. Bidders/Proposers Names: JMA (A Joint Venture)	Bid/Proposal Amount: TBD	Best and Final Offer Amount: TBD
	B. Evaluation Methodology: MTA Audit, Cost Analysis and Negotiations		
6.	Protest Information: N/A		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
7.	Contract Administrator: Jay Smith	Telephone Number: 922-3648	
8.	Project Manager: Dennis Mori	Telephone Number: 922-7238	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

**METRO RED LINE, SEGMENT 2, VERMONT/HOLLYWOOD CORRIDOR, AND
SEGMENT 3, NORTH HOLLYWOOD EXTENSION**

A. Background on Contractor

On February 9, 2000, Contract No. MC056 was awarded as a letter contract to PinnacleOne in the amount of \$550,000. The letter contract was definitized in the amount of \$3,695,000 on September 27, 2000, based on a projected Contractor level of effort covering the period December 13, 1999 through October 31, 2000.

B. Procurement Background

Contract No. MC056 is a cost plus fixed fee, federally funded contract to provide claims, litigation and closeout support for the Metro Red Line Segment 2, Vermont/Hollywood Corridor, and Segment 3, North Hollywood Extension projects.

The actual contractor level of effort needed to provide claims, litigation and closeout support for Segments 2 and 3 to date has resulted in an increase in the contract value by to \$6,065,826, and a time extension to February 28, 2002, as approved by the MTA Board in July, 2001.

The increases in contract value and AFE amounts provide funding for completion of projected tasks in the aggregate. Because of the interrelated issues and uncertain nature of claims settlements, it is difficult to predict precisely what the division of effort will be between Segment 2 and 3. Estimated amounts for Segments 2 and 3 have been identified in the Financial Impact section. The contract value AFE increases would be used as necessary between the two projects, and the respective allocations to Segments 2 and 3 would be reconciled upon completion of PinnacleOne's services.

C. Evaluation of Proposals

The MTA Project Office, Office of Procurement and County Counsel have reviewed the facts underlying this change and concur that it has been merited under the terms and conditions of the Contract and Public Utilities Code §130243. The Management Audit Services Department (MASD) has completed the required audit of this Change Order and all outstanding issues have been resolved.

D. Cost/Price Analysis Explanation of Variances

PROPOSED AMOUNT	MTA ESTIMATE	NEGOTIATED AMOUNT
\$ 780,934	\$ TBD	\$ TBD

The final negotiated amount has not been determined but will comply with all requirements of MTA Procurement, including cost analysis, legal and audit before Change Order No. 5 is executed. Staff has not disclosed the MTA Estimate since it will jeopardize staff's ability to negotiate the best and lowest price possible for the MTA. PinnacleOne's costs have been consistent with the market for their type of service and level of expertise, and are considered to be fair and reasonable.

Board approval is being requested prior to completion of all required reviews and approvals since a delay in definitizing Change Order No. 5 may impact continuation of the services provided by PinnacleOne. If the final cost of this Change Order exceeds the amount not-to-exceed in the recommendation, specific Board authorization will be requested.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

**METRO RED LINE, SEGMENT 2, VERMONT/HOLLYWOOD CORRIDOR, AND
SEGMENT 3, NORTH HOLLYWOOD EXTENSION**

Small Business Participation

The Small Business Diversity (SBD) Unit established a 10% Disadvantaged Business Enterprise (DBE) participation goal for this project. This Contract Work Order (CWO) Contract was awarded December 13, 1999 and is approximately 97% complete. Current DBE attainment¹ based on the relevant contract amount² is 10.29%. Current DBE participation³ based on the total actual amount paid-to-date to prime is 11.57%. The original DBE subcontractor, Simpson & Simpson, has performed on the contract as listed. The Consultant has also demonstrated good faith efforts to maximize DBE participation by utilizing three (3) additional DBE firms.

On CWO contracts, the Contractor's original subcontracting plan defined projected service requirements without necessarily indicating subcontractor expenditures. As such, under these CWO contracts, proposed subcontractors are listed below without commitment values.

Original Award Amount	\$3,695,000
Relevant Contract Amount²	\$6,168,401
Total Actual Amount Paid to Date to Prime	\$5,487,770

Subcontractor	Commitment	Current Attainment¹	Current Participation³	Current Status
Simpson & Simpson	CWO	3.67%	4.13%	Performing
KDG Development	CWO	1.58%	1.78%	Performing
KJM Project & Const. Mgmt.	CWO	2.98%	3.35%	Performing
TEC Management Consultant	CWO	2.06%	2.31%	Performing
TOTAL		10.00%	11.57%	Exceeding

¹Current Attainment = Total Actual Amount Paid-to-Date to Subs ÷ Total Relevant Contract Amount

²Relevant Contract Amount = Original Contract Value + Contract Cost Modifications affecting DBE or SBE Scope of Work

³Current Participation = Total Actual Amount Paid-to-Date to Subs ÷ Total Actual Amount Paid-to-Date to Prime

ATTACHMENT 2

**CONTRACT MC056, CLAIMS, LITIGATION AND CLOSEOUT SUPPORT,
METRO RED LINE SEGMENT 2, VERMONT/HOLLYWOOD CORRIDOR AND
SEGMENT 3, NORTH HOLLYWOOD EXTENSION**

**LIST OF REMAINING CONTRACT TASKS
JUSTIFYING INCREASE IN AFE**

CONTRACT NUMBER OR TASK	DESCRIPTION OF PINNACLEONE SERVICES	VALUE*
B641	Radio, Amelco Electric	
B710	Elevators and Escalators, Fujitec America, Inc.	
C390	Ancillary Construction and Maintenance, Steiny & Co.	
10 Contracts	Tutor-Saliba-Perini and Tutor-Saliba Corporation	
25 Contracts	Administrative contract closeout completion	
71 Contracts	Reporting on closeout progress to MTA management	
Various	On-going claims and litigation support	
	TOTAL	*\$780,934

* The uncertain nature of claims analysis and settlement makes it difficult to precisely predict what the division of effort will be for the individual Segment 2 and 3 projected tasks. The contract value AFE increases would be used as necessary and the respective allocations to Segments 2 and 3 would be reconciled upon completion of PinnacleOne's services.