



REVISED
CONSTRUCTION COMMITTEE
OCTOBER 16, 2002

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

PROJECT: METRO RED LINE, SEGMENT 3, NORTH HOLLYWOOD EXTENSION
CONTRACT: C0390, ANCILLARY CONSTRUCTION AND MAINTENANCE STEINY AND COMPANY, INC.
ACTION: CONTRACT MODIFICATION IN THE CREDIT AMOUNT OF \$836,134

RECOMMENDATION

Authorize the Chief Executive Officer to execute Change Order No. 42.00 to Contract No. C0390, Ancillary Construction and Maintenance, with Steiny and Company, Inc. ("Steiny") to settle all outstanding closeout issues on Segment 3, North Hollywood Extension, in the credit amount of \$836,134, decreasing the Total Contract Value from \$17,857,211 to \$17,021,077.

Within Construction Committee authority: Yes No N/A

BACKGROUND

Contract No. C0390 provided for completion of all necessary work items to allow for meeting Segment 3, North Hollywood Extension Revenue Operations. The contract included approximately seven hundred twenty-two (722) Task Orders included within five (5) Contract Provisional Sum Line items 18001.01, 18002.01, 18007.01, 18150.01, and 02335.01, which totaled \$12,513,809. The final value of these Task Orders and accompanying Line Items was settled during negotiations for \$11,677,675, which resulted in a net credit of \$836,134.

Staff determined that this global settlement of all Contract Provisional Sum Line Items and contractor claims (except for one subcontractor claim which is within staff authority to resolve) by this Change Order reflects a fair and reasonable price.

FINANCIAL IMPACT

Original Contract Award	\$12,245,341
Current Cumulative Contract Value	\$17,857,211
<u>This Action</u>	<u>\$ -836,134</u>
New Cumulative Contract Value	\$17,021,077

The funds for this action are available within the Board approved Metro Red Line Segment 3, North Hollywood Extension, budget of \$1,313,848,000. This recommended action will decrease the current Contract No. C0390 Total Contract Value by \$836,134, and is included as part of the current Segment 3 budget forecast. The current status of the contract, including the impact of this recommended action, is shown in Attachment B. This recommended action does not impact the Fiscal Year Budget or the Sources of Funds, either in the fiscal year, or over the life of the project.

Potential for Cost Recovery: Yes No N/A

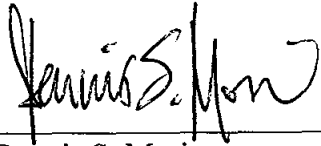
ALTERNATIVES CONSIDERED

The MTA Board may reject this action; however, this will prevent closeout of the Contract and settlement agreements for all contractor claims and changes and the contractor may seek other contractual or legal remedies.

ATTACHMENTS

- A. Procurement Summary
- A-1 Procurement History
- A-2 List Of Contractors/Subcontractors
- B. Contract Value Status Summary

Prepared by: Ram Krishna, Deputy Project Manager Engineering
 Roger Dames, Deputy Executive Officer, Project Manager



Dennis S. Mori
Interim Executive Officer
Construction Project Management



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY
Contract No. C0390 Ancillary Construction and Maintenance**

1.	Contract Number: C0390		
2.	Recommended Vendors: N/A		
3.	Cost/Price Analysis Information: See Attachment A-1		
	Bid/Proposed Price: See Attachment A-1	Recommended Price: See Attachment A-1	
	B. Details of Significant Variances are in Attachment A-1		
4.	Contract Type: IFB, Fixed Price		
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: N/A		
6.	Small Business Participation: See Attachment A2		
	A. Bid Goal: See Attachment A2	Date Small Business Evaluation Completed: See Attachment A2	
	A. Small Business Commitment: See Attachment A2		
7	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8	Evaluation Information:		
	A. Bidders/Proposers Names: N/A	<u>Bid/Proposal Amount:</u> N/A	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: N/A		
9	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10	Contract Administrator: Larry M. Lyon	Telephone Number: 922-7320	
11	Project Manager: Roger Dames	Telephone Number: 922-7280	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY
Contract No. C0390 Ancillary Construction & Maintenance**

A. BACKGROUND ON CONTRACTOR

Steiny is located at 221 N. Ardmore Ave., Los Angeles, California and has been in business for 49 years. Steiny is involved in major prime and subcontract work on large private industrial and public works projects such as mass transit, water treatment, power plant, educational, pharmaceutical and high tech manufacturing and health care facilities, transit communications and signal systems. MTA has had numerous prior contracts with Steiny and is currently under separate contract with Steiny. Steiny's performance on Contract No. C0390 is satisfactory.

B. PROCUREMENT BACKGROUND

Based on adequate competition, Contract No. C0390 was awarded to Steiny the lowest responsive and responsible bidder, on August 9, 1999.

Contract No. C0390 is a fixed price federally funded procurement to perform ancillary structural, architectural, electrical, mechanical, utility and other construction, repair and maintenance required to complete unfinished Work or enhanced modifications necessary within the three Segment 3 North Hollywood stations and associated line Sections on an "as needed" basis.

The MTA Board authorized initial Authorization For Expenditure (AFE) in the amount of \$14,694,409

The procurement contained a 22.34% small Business Commitment. At completion, the Contractor attained 24.72%.

With contract work substantially complete, a series of unresolved claims, audit and closeout issues remain which are resolved through a global settlement in Change Order 42.00.

C. EVALUATION OF PROPOSALS

The MTA Project Office, Office of Procurement, and County Counsel have reviewed the facts underlying Change Order 42 and concur that it has been merited under the terms and conditions of the Contract and Public Utilities Code §130243. A third party independent audit has been performed by Pinnacle One, which itself was reviewed internally and was found to have been prepared consistently with reasonable acceptable accounting procedures.

D. COST/PRICE ANALYSIS EXPLANATION OF VARIANCES

PROPOSED AMOUNT	ESTIMATE	NEGOTIATED AMOUNT
(\$162,010)	(\$1,584,478)	(\$836,134)

The recommended amount has been determined to be fair and reasonable, based upon fact finding, claim analysis, cost analysis, and technical and cost analysis auditing performed by PinnacleOne. The \$748,344 difference between MTA Estimate and the negotiated amount is explained by MTA's receipt of substantiation of costs provided by the contractor during negotiations that was not previously provided prior to negotiations; this additional documentation was not considered in the estimate. MTA agreed to compensate the Contractor for substantiated reasonable costs on some Task Order work and the Contractor agreed to dismiss or greatly reduce portions of costs billed on the Task Order work. The negotiated amount is an increase in credit of \$674,124 (416 percent) from the Contractor's proposed amount.

**BOARD REPORT ATTACHMENT A-2
LIST OF STEINY CONTRACTORS/SUBCONTRACTORS
Contract No. C0390 Ancillary Construction & Maintenance**

PRIME CONTRACTOR
Steiny and Company, Inc.

SMALL BUSINESS SUBCONTRACTORS
Martinez Electric Transportation Company
C.H. Boddie Pest Control
Reno Metal Products, Inc.
D&N Concrete Pumping, Inc.
Phoenix Construction
Ugalde Trucking Co.
Ace Fence Co.

OTHER SUBCONTRACTORS
Herzog Contracting
Felix Mechanical, Inc.
Italian Marble & Tile Company
Cosco Fire Protection
Sanders Engineering Company, Inc.
Pacific National Group (PBI)

SMALL BUSINESS PARTICIPATION
Diversity & Economic Opportunity Department (DEOD) established a Disadvantaged Business Enterprise (DBE) participation goal of 22.34%. The contract was awarded August 9, 1999 and is 100% complete. Current DBE attainment¹ based on the relevant contract amount² is 24.72%. Current DBE participation³ based on the total actual amount paid-to-date to prime is 18.78%. The original DBE subcontractors have performed on the Contract as listed.

Original Award Amount	\$ 12,245,341
Relevant Contract Amount²	\$ 12,679,001
Total Actual Amount Paid to Date to Prime	\$ 16,711,631

Subcontractor	Commitment	Current Attainment ¹	Current Participation ³	Current Status
Martinez Electric Transp.	15.92%	12.58%	9.55%	Performed
C.H. Boddie Pest Control	0.07%	0.07%	0.06%	Performed

Subcontractor	Commitment	Current Attainment ¹	Current Participation ³	Current Status
Reno Metal Products	1.90%	6.67%	5.06%	Performed
D&N Concrete Pumping	2.73%	2.80%	2.13%	Performed
Phoenix Construction	1.71%	2.00%	1.52%	Performed
Ugalde Trucking Co.	0.01%	0.00%	0.00%	Not Utilized
Ace Fence Co.	N/A	0.60%	0.46%	Added
TOTAL	22.34%	24.72%	18.78%	Exceeded Goal

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 B CONTRACT VALUE STATUS SUMMARY

R82 METRO RED LINE - SEGMENT 3 - NH
CHANGE ORDER C0390-C0-42.00

Only shows cost allocated to R82

CONTRACTOR: STEINY AND COMPANY, INC. / MISCELLANEOUS CONSTRUCTION
ACTION DESCRIPTION: C0390 GLOBAL CONTRACT SETTLEMENT - TASK ORDER LINE ITEMS & CLAIMS

CUMULATIVE CONTRACT WORK ORDER VALUE STATUS

1.	CUMULATIVE AWARD AMOUNT:[1]	\$12,245,341.13	<i>(Includes \$0.00 in Planned Scope Amendments)</i>
2.	PREVIOUSLY EXECUTED CHANGES:	\$5,611,869.49	
3.	CURRENT VALUE: (1+2)	\$17,857,210.62	
4.	AUTHORIZED WACN/LNTP'S (NTE):	\$0.00	
5.	OBLIGATED VALUE: (3+4)	\$17,857,210.62	
6.	VALUE OF THIS ACTION:	(\$836,134.00)	
7.	NEW VALUE (IF APPROVED): (5+6)	\$17,021,076.62	

Contract Work Order Value Status Reviewed by MTA Procurement:

CUMULATIVE AUTHORIZATION FOR EXPENDITURE STATUS

AFE INCREASE REQUIRED/REQUESTED:

8.	MTA APPROVED AFE:	\$21,294,413.00	
9.	NEW VALUE: (Line 7)	\$17,021,076.62	
10.	REMAINING AFE: (8-9)	\$4,273,336.38	\$0.00 For this action
11.	OTHER PENDING CHANGES (merited)	\$0.00	
12.	REMAINING AFE VALUE (w/Changes: 10-11)	\$4,273,336.38	\$0.00 For all merited changes (projected cost)
13.	ALLOWANCE FOR OTHER POTENTIAL CHANGES:	\$0.00	
14.	REMAINING AFE VALUE (w/Allowance: 12-13)	\$4,273,336.38	\$0.00 For all merited and undefined changes

CUMULATIVE BUDGET STATUS

BUDGET VARIANCE (Initial to Current)

15.	INITIAL BUDGET:	\$18,228,051.00	
16.	CURRENT BUDGET:	\$19,944,000.00	\$1,715,949.00 Initial to Current Budget
17.	NEW VALUE (IF APPROVED): (Line 7)	\$17,021,076.62	
18.	REMAINING BUDGET: (16-17)	\$2,922,923.38	
19.	OTHER PENDING CHANGES (merited) (Line 11)	\$0.00	
20.	REMAINING BUDGET w/Changes (18-19)	\$2,922,923.38	

Contract Budget Status Reviewed by MTA Program Control:

DATE: 9/17/02

[1] - Award Amount includes initial award and Planned Scope Amendments