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
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TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY 
CHIEF EXECUTIVE OFFICER

FROM: KRISHNIAH N. MURTHY 
EXECUTIVE DIRECTOR, TRANSIT PROJECT DELIVERY

**SUBJECT: CRENSHAW/LAX TRANSIT CORRIDOR PROJECT
PROCURE DESIGN-BUILD CONTRACT AS ONE SINGLE
CONTRACT**

ISSUE

Provide an update on the procurement strategy for the Crenshaw/LAX Transit Corridor design-build project.

BACKGROUND

In December 2009, the Board selected the Light Rail alternative as the Locally Preferred Alternative. On September 22, 2011, the Board adopted the project and certified the Final Environmental Impact Report. On October 27, 2011, the Board adopted a Life of Project Budget of \$1,749,000,000. Certification of the Final Environmental Impact Statement will be completed upon issuance of a Record of Decision by the Federal Transit Administration.

In March 2011, the Board authorized the use of a design-build contracting approach for the Crenshaw/LAX Transit Corridor. As part of the design-build solicitation process, an Industry Review commenced in August 15, 2011 and will continue until January 5, 2012. The design consultant is completing preliminary engineering.

MTA adopted a two step procurement process that begins with the release of a Request for Qualifications (RFQ) to pre-qualify interested proposers followed by release of a Request for Proposal (RFP) for a design-build contract for the alignment scope of work; excluding the Southwestern Yard. Through the industry review period, Metro solicited input on the technical documents, terms and conditions and contract packaging which included input on one or multiple contracts. The majority of interested proposers requested a single Design-Build contract. A Request for Qualifications is being issued in December 2011 on the basis of one single Design-Build contract. A Request for Proposals (RFP) is anticipated to be issued in March 2012.

The advantages of a single design-build contract that includes the 8.5 mile alignment and systems work are listed below:

- Reduced overall cost due to economies of scale.
- Reduced cost including less contingency in proposers bid due to reduction of uncertainty caused by interface coordination requirements.
- Reduced initial and long term MTA and consultant staffing required.
- Reduced coordination challenges for both design and construction phases.
- Third parties, including but not limited to, City of Los Angeles, Department of Water and Power, Los Angeles Bureau of Engineering, California Public Utility Commission, requirement to work with only one contractor.
- Reduced duplicate system design, installation, and testing. This eliminates potential design and interface issues with one design-build contractor performing all civil, architectural and systems work.
- Reduced risk/claim exposure for cost and schedule interfaces between contractors.
- Reduced overall schedule contingency for life of project.
- Reduced risk/claim exposure related to interface issues (mis-matched contractor implementation between construction segments of work and contract interfaces - includes systems work).

It is estimated that the cost savings to contractor and owner for a single design-build contract would be significant.

Risk Management Benefits

There are significant risk management benefits for a single design-build contract:

- More efficient to administrate from an insurance standpoint
- One wrap-up insurance program covers one contract – multiple wrap-up programs more difficult under Contractor’s Controlled Insurance Policy (CCIP)
- Easier to apportion fault
- Lower insurance premiums and deductible costs

NEXT STEPS

MTA will receive Statement of Qualifications (SOQ) from interested proposers in February 2012. Metro will evaluate each SOQ and pre-qualify teams to be invited to receive a Request for Proposal.