

COST CONTAINMENT, CONTRACTS AND EFFICIENCY**COMMITTEE RECOMMENDATION**

The Committee concurred with the staff recommendation to retain on a contract basis a firm to complete a 90-day review and development of a turn-key implementation plan for the construction of the Pasadena Blue Line.

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August 9, 1995

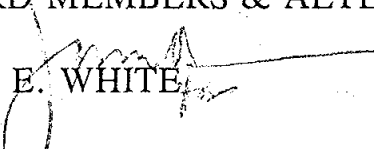
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TO: MTA BOARD MEMBERS & ALTERNATES

FROM: FRANKLIN E. WHITE 

SUBJECT: CONSULTING SERVICES TO DEVELOP AN
IMPLEMENTATION PLAN AND ESTABLISH
COST OF "TURNKEY" APPROACH TO
CONSTRUCTION ON THE PASADENA BLUE
LINE

RECOMMENDATION

Direct the Chief Executive Officer to retain an outside team of technical and financial experts for a ninety day period to develop an implementation plan to turnkey the construction of the Pasadena Blue Line. The plan, which should be brought back to the Cost Containment, Contracts, and Efficiency Committee within 120 days for action, should address legal issues, institutional issues, existing agreements and commitments, schedule and implementation timetable, and the finance plan.

IMPACT ON BUDGET

The cost of this consultation can be accommodated within the project budget.

BACKGROUND

During recent discussions on cost containment, Fluor Daniel identified potential project savings of \$26 million to \$52 million if lump-sum or a design/build approach "Turnkey" construction methods were employed. The Board of Directors asked staff to further explore these opportunities, and report to the Board in September on the merits of this approach.

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This is a complex issue. It requires private-sector input to realistically estimate its potential. There are a number of tradeoffs to consider. To justify the Board's request and obtain the best information possible, we must blend private-sector input with the expertise of our own staff to sort out the key provisions of shifting to the "turnkey" approach.

Acquiring the assistance of outside experts at this point will give staff and your Board the quality information needed to make a good decision on a turnkey construction approach.