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APRIL 1, 1997

TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER
Linda Bohlinger
INTERIM CHIEF EXECUTIVE OFFICER
SUBJECT: APPROVE AN AWARD FEE FOR CONSTRUCTION
MANAGEMENT SERVICES ON THE PASADENA
BLUE LINE

RECOMMENDATION

Approve an award fee of \$73,292 (10%) for Contract MC013 with Managers of Transit Construction (MTC) for Construction Management Services on the Pasadena Blue Line. The award fee, based on a performance evaluation score of 3.01 (maximum of 4.0), is for the period of September 1996 through December 1996.

Within Construction Committee authority: Yes No N/A

ORGANIZATIONAL IMPACT

This action reflects the current fee structure for this contract. The intent of the award fee structure is to reward the Consultant for commendable performance and to motivate them for excellent performance in the future.

BUDGET IMPACT

The funds for this action are available within the MTA Board approved Project Budget of \$803,868,500.

The recommended action is already included in the current contract budget. The forecast final cost for this contract is \$66,190,500. The current status of the contract, including project contingency, will not be affected.

The recommended 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.

Potential for Cost Recovery: Yes No

ALTERNATIVES CONSIDERED

The Board has the option to withhold approval. Disapproval of this action will delay payment of an earned fee to MTC. Pursuant to the terms of Contract MC013, MTC may submit a claim for payment of an 8% award fee based on untimely processing of their performance evaluation.

BACKGROUND

At the July 26, 1995, Board Meeting, the Board of Directors directed staff to submit award fee payment recommendations, for professional services contracts, to the Cost Containment, Contracts and Efficiency Committee and the Board of Directors for approval.

The Board approved MTC's previous award fee in November 1996. At that time staff had stated it would be the last award fee for MTC because the Contracts Department was negotiating to change the contract from a cost plus award fee to a cost plus fixed fee. MTC and the MTA have not yet reached agreement on converting the contract. This action allows MTC to be paid fee earned until the conversion to a fixed fee is finalized.

The award fee process for MTC includes a weighted evaluation of three categories of performance, 1) Resident Engineering - 40%; 2) Management - 10%; and 3) Construction Management - 50%. MTC could earn a minimum award fee percentage of 0% and a maximum of 13%. Attachment 1 summarizes the completed performance evaluation on MTC. Attachment 2 summarizes the payment process of the Award Fee and shows the contract table for determining the Award Fee Percentage.

SMALL BUSINESS PARTICIPATION

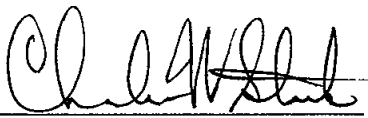
The Contract has a M/WBE participation goal of 41.6% and 10.7%, respectively. The current M/WBE participation, as determined by MTA's EO Programs Departments' Contract Compliance Unit, is 31.4% and 9.5%, respectively. See Attachment 3 for more details.

ATTACHMENTS

- Attachment 1 - Trimester Performance Report
- Attachment 2 - Additional Background Discussion
- Attachment 3 - Additional SBE Participation Discussion
- Attachment 4 - Cumulative Summary of Construction Committee Approvals

Prepared by:

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Charles W. Stark
Interim Executive Officer, Construction

**MANAGERS OF TRANSIT CONSTRUCTION, A Joint Venture
PASADENA BLUE LINE, CONSTRUCTION MANAGEMENT
TRIMESTER PERFORMANCE REPORT
CONTRACT NO. MC013
FOR THE PERIOD OF SEPTEMBER 1 THROUGH DECEMBER 31, 1996**

TRIMESTER SUMMARY SCORE	3.01	SUMMARY SCORE TO DATE	3.10
MAJOR CATEGORY	TRIMESTER SCORE	SUBCATEGORY DESCRIPTION	TRIMESTER SCORE
RESIDENT ENGINEERING 40%	2.99	Management	3.00
		Reports	2.83
		Submittals	2.93
		Change Processing	2.58
		Quality Control	3.55
		Claims Mitigation	3.00
		Safety	2.93
		Surveying	3.00
		Third Party Coordination	3.25
		Contract Interpretation	2.95
		Schedule Controls	3.28
		Safety Certification	3.00
		Meetings	2.96
		As-Built Drawings	2.80
Community Concerns	2.95		
MANAGEMENT 10%	2.98	Corporate Responsiveness	3.00
		Project Management	2.97
CONSTRUCTION MANAGEMENT 50%	3.03	Safety	4.00
		Security	0.00
		Quality Assurance	3.00
		Scheduling	3.26
		Changes/Claims	3.00
		Cost Control	3.26
		Reports	3.00
		Document Control	3.00
		Technical Services	3.25
		Community Services	3.00
		Contract Administration	3.00

In accordance with the Cost and Payment provisions of Contract No. MC013, the Authority presents its Trimester Performance Report of the Consultant. In accordance with the Contract and based upon the above Trimester Summary Score, MTC shall adjust the previously billed fee to reflect the contractually prescribed award fee amount, for the period from September 1, 1996 through December 31, 1996, after Authority's Board of Directors has approved the Award Fee percentage and amount.


DAVID J. SIEVERS, P.E.
Deputy Executive Officer / Project Manager
Pasadena Blue Line


CHARLES W. STARK
Interim Executive Officer
MTA Construction

ADDITIONAL BACKGROUND

On December 15, 1993, the MTA Board approved the selection of MTC and authorized the issuance of a contract. Contract Work Order (CWO) No. 1, Revisions 0 and 1 authorized the Construction Manager's (CM) Project Management services for Fiscal Years 1994-95 and Resident Engineer (RE) services for the Los Angeles River Bridge and Arroyo Seco Bridge Reconstruction contract. CWO No. 1, Rev. 2 authorized RE services for the Reconstruction and Retrofit of Steel and Concrete Bridges and to provide CM Project Management Services for the first six (6) months of FY96. CWO No. 1, Rev. 3 authorized CM Project Management Services for the second six (6) months of FY96 plus CCR No. 002 for Value Engineering Support and Cost Estimating review. CWO No. 1, Rev. 4 authorized CM Project Management services for FY97. The active construction contracts on the Pasadena Blue Line during the evaluation period for this action were: Arroyo Seco Bridge Construction (C6430); and Reconstruction and Retrofit of Steel and Concrete Bridges (C6435). The current contract value for services on the Pasadena Blue Line is \$19,852,884.

The contract terms provide for a provisional fee of 5% of MTC's total direct labor plus indirect labor costs. MTC invoices the provisional fee monthly. The MTA Board approves the award fee, based on the performance evaluation score, for each trimester. After Board approval MTC invoices the total award fee amount, less the provisional fee paid for that trimester. If MTC earns an Award Fee Percentage that is less than 5% the contract requires MTC to credit the MTA the difference between the award fee earned and the provisional fee paid for that trimester. The Award Fee Percentages earned by MTC to date are:

<u>Performance Report Card</u>	<u>Period</u>	<u>Score</u>	<u>Award Fee %</u>
1	1/1/94 thru 8/31/94	3.04	10%
2	9/1/94 thru 12/31/94	3.30	11%
3	1/1/95 thru 4/30/95	3.28	10%
4	5/1/95 thru 8/31/95	3.18	10%
5	9/1/95 thru 12/31/95	3.06	10%
6	1/1/96 thru 4/30/96	2.97	9%
7	5/1/96 thru 8/31/96	2.98	9%
8	9/1/96 thru 12/31/96	3.01	10%

The MTA determines the earned Award Fee Percentage by using the following table from the contract.

<u>Evaluation</u>	<u>Score</u>	<u>Award Fee %</u>
Excellent Performance is 4.0	3.8 - 4.0	13.00% - Maximum
	3.5 - 3.7	12.00%
	3.3 - 3.4	11.00%
	3.0 - 3.2	10.00%
Commendable Performance is 3.0	2.7 - 2.9	9.00%
	2.4 - 2.6	8.00%
	2.1 - 2.3	7.00%
	1.8 - 2.0	6.00%
Competent Performance is 2.0	1.5 - 1.7	5.00%
	1.4	4.00%
	1.3	3.00%
	1.2	2.00%
Fair Performance is 1.0	1.1	1.00%
	1.0	0.00% - Minimum
Unacceptable Performance is 0.0		

ADDITIONAL SMALL BUSINESS PARTICIPATION DISCUSSION

M/WBE participation is lower than anticipated for several reasons. The volume of construction on the Pasadena Blue Line, since awarding this contract on December 15, 1993, is less than originally estimated. The lower volume of construction has impacted the volume of work given to all subcontractors including the M/WBE subcontractors. In addition, during 1996 the MTA assumed responsibility for safety, quality assurance and public relations. In the past, the Construction Manager performed that work. MTC had subcontracted that work to M/WBE firms.

MTC's plan to meet the goal includes nineteen (19) M/WBE firms. Seventeen (17) M/WBE firms have performed all or a portion of their identified work scope. Two (2) firms, listed below, have not yet performed any portion of their identified work scope. They should perform the work at a later date when the volume of construction on the project increases.

- D'Leon Consulting Engineers for Resident Engineering and Inspection services and 2.3% of the goal.
- William J. Yang & Associates for Mechanical/Electrical Support and 0.1% of the goal.

MTA action taken to resolve issues that currently impact the funding for the Pasadena Blue Line Project may further impact future M/WBE participation. One example is a plan to consolidate the total number of construction contracts down to twenty-two (22) from a previous plan for forty-three (43) contracts.

The Contract does include a provision for an assessment against MTC should they not meet the goal. The provision allows contract payments to be reduced by \$500 per day from the date the Consultant is found to be in non-compliance until compliance is either attained or excused, or by an amount equal to the difference between the Consultants M/WBE percentage goal commitments and the actual percentage attained, multiplied by the assessment amount on the sliding scale in the contract, whichever is greater. The sliding scale is based on contract value.

When considering the amount expended through January 31, 1997 by MTC and the value associated with MBE/WBE firms, the participation calculates as follows:

Total Billing through 1/31/97:	\$15,466,400
Total Paid to MBEs:	\$ 6,389,821
Total Paid to WBEs:	\$ 2,223,692
 MBE participation =	 41.3%
WBE participation =	14.4%

ATTACHMENT 4

CONSTRUCTION COMMITTEE APPROVALS

Contract #	Contractor	Original Value	Value of Committee Changes to Date	Value of Current Change	Cumulative Value of Changes Approved by Committee
MC013	MANAGERS OF TRANSIT CONSTRUCTION	\$0	\$0	\$0	\$0