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April 6, 1997

Los Angeles County
Metropolitan
Transportation
Authority

TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER
Linda Bohlinger
INTERIM CHIEF EXECUTIVE OFFICER
**SUBJECT: AUTHORIZE ADDITIONAL SYSTEMWIDE TASKS;
PROJECT MANAGEMENT OVERSIGHT (PMO) SERVICES**

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RECOMMENDATION

Authorize two additional systemwide tasks to be undertaken by the PMO consultant (Gannett Fleming, Inc.) within the previously approved Authorization for Expenditure (AFE) ceiling of \$300,000 (Contract #PM020):

- 1) Review of Third Party (Cooperative) Agreements;
- 2) Monitoring & Evaluation of Financial Controls Implementation.

ORGANIZATIONAL IMPACT

This action will expand the role of MTA local project management oversight to include two additional systemwide PMO tasks that are not solely limited to the Pasadena Blue Line and LA Car projects.

BUDGET IMPACT

This action does not alter the previously approved Authorization for Expenditure ceiling of \$300,000 for systemwide tasks in the first year of this three year contract. The estimated budget for these proposed new tasks is shown in Attachment 2.

ALTERNATIVES CONSIDERED

The alternative would be to contain the PMO scope of work solely to the Pasadena Blue Line and LA Car and not undertake systemwide tasks. However, the Board has expressed a need for specific, limited systemwide oversight on tasks not performed by Hill International, who is the PMO consultant retained by the FTA to oversee the Metro Red Line project.

BACKGROUND

In July, 1996, the MTA Board awarded a contract to Gannett Fleming, Inc., to perform Project Management Oversight (PMO) services on the Pasadena Blue Line and the L.A. Standard Vehicle (LA Car) projects. That award provided an Authorization for Expenditure (AFE) of \$1,600,000 for the period ending June 30, 1997. In December, 1996, the MTA Board directed the PMO consultant to undertake certain, selected Metro Red Line and other systemwide oversight tasks that would not be strictly limited to the Pasadena Blue Line and LA Car projects.

In March, 1997 the Board approved an AFE ceiling apportionment that would allocate \$1,000,000 for oversight of the Pasadena Blue Line, \$300,000 for the LA Car project and \$300,000 for systemwide tasks.

Through March, 1997, the Board has authorized the expenditure of up to \$210,000 in specific systemwide oversight tasks within the systemwide AFE ceiling of \$300,000 for the fiscal year ending June 30, 1997. This approval will increase the authorized expenditure to a total of up to \$275,000 within the AFE ceiling of \$300,000.

Additional tasks may be undertaken in the future upon committee recommendation and Board approval.

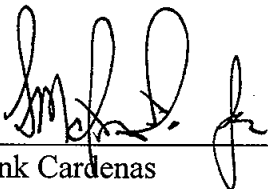
DBE PARTICIPATION

The contract has an MBE goal of 12% and a WBE goal of 6%. As determined by the MTA's Contract Compliance Unit, billings to date have expended 5.24% of the total contract value for MBE participation and 2.33% of the total FY 97 contract value for WBE participation. At this rate of DBE utilization, it is anticipated that the Contractor will meet its stated commitment by the end of the fiscal year.

ATTACHMENTS

- 1 - Authorization for Expenditure (AFE)
- 2 - Proposed Budget for Selected Systemwide Tasks
- 3 - Proposed Scope of Work; *Review of MTA Third Party (Cooperative) Agreements*
- 4 - Proposed Scope of Work: *Monitoring & Evaluation of Financial Controls Implementation*

Prepared by: David Mieger, PMO Project Manager



Frank Cardenas
Chief of Staff

Attachment 1

**AUTHORIZATION FOR EXPENDITURE (AFE)
PMO SERVICES
Contract #PM020 - Gannett Fleming Team**

Project	Approved AFE
Pasadena Blue Line	\$1,000,000.
LA Car	\$300,000.
Systemwide Special Tasks	\$300,000.
Total (<i>FY 1996-97</i>)	\$1,600,000.

Attachment 2

**PROPOSED BUDGET
PMO SYSTEMWIDE TASKS
Contract #PM020 - Gannett Fleming Team**

Task	AFE Task Budget	AFE Systemwide Cumulative Budget
Prior Systemwide Tasks <i>Financial Controls</i> <i>Mid-City Alignments</i>	\$70-80,000.	\$70-80,000.
Ongoing Systemwide Tasks <i>Cost Estimating Review</i> <i>Codes & Standards</i>	\$30-50,000. \$60-80,000.	\$100-130,000. \$160-210,000.
Proposed New Tasks <i>Cooperative Agreements</i> <i>Financial Controls Monitoring</i>	\$45-50,000. \$12-15,000.	\$205-260,000. \$217-275,000.
Future Systemwide Tasks <i>Available Budget (AFE) thru 6/97</i>	\$25-83,000.	\$300,000.

Attachment 3

PROPOSED SCOPE OF WORK
Review the MTA Third Party
(Cooperative) Agreements

Description:

Perform a review of third party agreements MTA currently maintains with utility companies, public agencies and other similar parties relating to its rail construction program. Summarize how cost, liability and responsibility is shared between the parties. Recommend specific areas within each agreement, as appropriate, where it would be in MTA's interest to renegotiate the agreement. Task does not include rewriting the agreements themselves.

Step 1: Inventory of Existing Agreements

Schedule: 3 weeks

- Obtain, with the assistance of the MTA PMO Project Manager copies of all agreements to be reviewed. Also obtain any previous reviews (if any) undertaken within the past five years.
- Determine which agreements will be reviewed. Obtain MTA PMO Project Manager's (verbal) concurrence.
- Prepare memorandum report identifying each agreement, along with the following information:
 - Date of agreement
 - Scope
 - Summary of any previous reviews and action taken, if any

Step 2: Review of Past Experience

Schedule: 3 weeks

- Identify approximately four agreements which have been implemented (not just executed, but actually implemented) within the past three years. To the extent possible, select agreements with four different types of entities. Obtain MTA PMO Project Manager's (verbal) concurrence.
- Interview at least one person from MTA and one person from the opposite party (e.g., City, utility) to determine areas of the agreement which have been problematic and how these have been resolved.
- Summarize findings into lessons learned (internal memorandum report).

Step 3: Review Agreements

Schedule: 3 weeks (review of up to 20 agreements)

- Review Policies & Procedures and evaluate consistency with practices observed.
- Group agreements into an appropriate number of categories. (For example, group agreements with Cities together.)
- Review each agreement fully. Focus on the the following:
 1. Scope of the agreement
 2. Assignment of responsibilities for decisions and actions
 3. Assignment of financial responsibility
 4. Payment process (if any)
 5. Schedule definition
 6. Record keeping requirements
 7. Dispute resolution procedure
- For each category, identify common weaknesses in the current agreements and the current or potential impact to MTA. Recommend changes which might mitigate this impact. Recommendations will be sufficiently clear to permit staff to develop alternate language in each agreement, as appropriate.
- Brief MTA on developing findings at least once during this task.
- Identify agreements on other transit projects which might serve as good models for MTA. Include one agreement for each category, as defined above. Provide copies to MTA as part of Step 4.

Step 4: Report

Schedule: two weeks to draft report

- Prepare draft report. Draft report should summarize (1) work performed, (2) lessons learned, and (3) common weaknesses for each type of agreement with corresponding recommendations for change. Review draft report with MTA. MTA PMO Project Manger to coordinate document review. Prepare final report within one week following receipt of comments. Make presentation to the MTA Construction Committee on findings.

Total Schedule: NTP to Draft Report: 11 weeks

Attachment 4

**PROPOSED SCOPE OF WORK
Monitoring & Evaluation of
Financial Controls Implementation**

Description:

Review the process of implementation of the PMO Financial Controls Recommendations adopted by the Board of Directors in February, 1997.

Step 1: Review Revised Procedures

Schedule: May, 1997

- Respond to staff questions regarding development of new procedures on Project Reserve and Contingency Management. Review revised procedures.
- Report (verbal) to the Construction Committee, if requested.

Step 2: Verify/Evaluate Implementation

Schedule: June-July, 1997

- Verify that revised procedures have been implemented consistent with the intent of the original recommendations.
- With respect to Contingency Management, determine if the periodic contingency assessments are reasonable.
- Report on findings as part of PMO Monthly Report.
- Coordinate with MTA Internal Audit Department for transition of ongoing monitoring and permanent oversight of this activity.