



Metro[™]

Interoffice Memo

Date	June 14, 2024
To	Karen Gorman, Office of the Inspector General
From	June Susilo through Tim Lindholme
Subject	Response to OIG's Report on Comparison of MRDC to Cities' Standards Along Southeast Gateway Line

The Metro Office of the Inspector General (OIG) completed a study comparing design standards between the Metro Rail Design Criteria (MRDC) and those of the cities that the Southeast Gateway Line project (Project) traverses through including Huntington Park, Bell, Cudahy, Downey, South Gate, Paramount, Bellflower, Cerritos, Vernon, Artesia, and Los Angeles.

The following are recommendations from the OIG's report:

- Recommendation 1: Metro make updates to its MRDC promptly as requirements change and include best practices to ensure cities can trust Metro's MRDC to reflect legally correct and good quality requirements.
- Recommendation 2: Metro be self-permitting for substantially consistent or more stringent standards than a city where we are performing construction.
- Recommendation 3: Metro seek an accelerated, abbreviated permitting process for the SEG Line project and for other Metro projects in the future, for the non-conforming "exception" specifications related to the project.

The results of the OIG's report could not have been timelier as the Project recently reached two significant milestones on April 25, 2024, including Board certification of the Final Environmental Impact Report (FEIR) and the release of a Request-for-Bid for a Construction Manager General Contractor (CMGC) for Advanced Works. As noted in the report's conclusion on page 26, a "unified design and construction standard, conformed from the MRDC and the criteria of the SEG [Southeast Gateway] Line Cities would be valuable to guide the development of the Southeast Gateway Line construction contract and improve project delivery." **Metro agrees with the OIG's assessment and believes the recommendations align with the project's early due diligence strategy of addressing key risks early on including critical third-party approvals.**

Currently, on Metro projects, the contractor submits a permit application and fees to perform work (ranging from utility potholing to roadway construction and striping as an example)

within city right-of-way. City staff (or their consultants) review the application with supporting documents such as construction drawings, provides plan check reviews and comments, and ultimately approves or rejects the application. On transit projects like Southeast Gateway Line, it is expected that the contractor would have to submit multiple permits to perform various work scopes within city right-of-way. This creates the potential for scope creep and schedule delays and ultimately increases costs to Metro. Allowing Metro to self-permit would likely improve Metro's control over the schedule and reduce schedule risks and costs.

For each of the OIG recommendations, Metro is undertaking the following steps:

- Recommendation 1: The MRDC is a living document in which Metro systematically updates to reflect change in law, industry practice, and lessons learned from recently executed projects. In fact, Metro is in the process of updating specific of the MRDC to address lessons learned from the K-Line/LAX and Regional Connector Projects.
- Recommendation 2: In ongoing coordination with cities within the Project, staff has mentioned the idea of Metro to self-permit for work within city and/or public right-of-way to help identify potential offset payments for cities' 3% contribution to fund the project. The cities generally have been receptive to the idea, and is expecting the Project team to present to the Southeast Gateway Line City Managers' Technical Advisory Committee on the valuation methodology this summer.
- Recommendation 3: As staff continues to refine the valuation methodology specific to the Project, Metro is planning to introduce this proposal to cities on other major transit projects including Eastside Transit Corridor Phase 2. This project also recently accomplished Board certification of the FEIR.