



## Board Report

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### FINANCE, BUDGET, AND AUDIT COMMITTEE

MARCH 15, 2017

### CONSTRUCTION COMMITTEE

MARCH 16, 2017

**SUBJECT: FISCAL YEAR 2018 PROGRAM MANAGEMENT ANNUAL PROGRAM EVALUATION (APE)**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE report on **FY2018 Program Management Annual Program Evaluation (APE)**.

#### **ISSUE**

The Annual Program Evaluation (APE) is a priority initiative created to evaluate Metro's capital program annually. Given the challenges of managing a multi-billion dollar capital program, a comprehensive review of the risks associated with the cost and schedules of the program is conducted on an annual basis. This report summarizes the results of the FY2018 APE review performed by Program Management.

#### **DISCUSSION**

The APE initiative is a comprehensive evaluation of Metro's capital program, including Transit, Highway, and Regional Rail projects. As part of the APE process, staff reviewed and updated project costs and schedule to current conditions, challenges, and risks. Any changes to project budgets/schedules and the reasons for the adjustments are to be reported to the Board once annually for approval. In addition, APE serves as a project management tool bringing greater consistency, transparency, and discipline to better manage and deliver Board-approved projects. The APE is a dynamic tool, which is updated annually as projects move towards completion and any changes approved by the Board are incorporated.

#### **FY2018 APE Results**

For the FY2018 APE, Program Management focused on new and carry-over projects to FY2018 with project cost estimated at \$5 million or greater. Program Management staff evaluated sixty (60) projects, including 28 Transit projects, 25 Highway projects, and 7 Regional Rail projects (see Attachment A for a complete project listing) which total approximately \$13.8 billion. Compared to the FY17 APE review, the FY18 program size has increased 25% or approximately by \$2.8 billion.

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The major focus remains on managing the projects within the Board-approved life-of-project (LOP) budgets and schedules established for these projects. A summary of the potential adjustments to the Metro's capital program in FY18 is reported in the FY2018 Program Management APE presentation (Attachment A, page 41).

### Program Challenge

With the recently approved Measure M program added to the Measure R program, Metro is currently undertaking the largest transportation capital program in the nation, which creates an unprecedented challenge to project delivery. Recognizing staffing is a key factor to project delivery, Program Management is committed to developing strengths in its capacity and capability to ensure the multi-billion dollar capital program can be successfully managed.

### **FINANCIAL IMPACT**

The FY18 Program Management APE report does not have any specific budgetary or financial impacts. The APE report serves as an annual and early notice instrument to assess the scope, cost and schedule risk items affecting the respective projects under the oversight of Program Management. Risk items affecting scope, cost and schedule are identified on a project by project basis within the APE Presentation (Attachment A).

Should any of the potential project risks affecting scope, cost and schedule parameters be realized, the Chief Program Management Officer and affected project staff will return to the Board with separate board report recommendations to address the identified risks and adjust the project element (s) of the Board adopted project parameters.

### **NEXT STEPS**

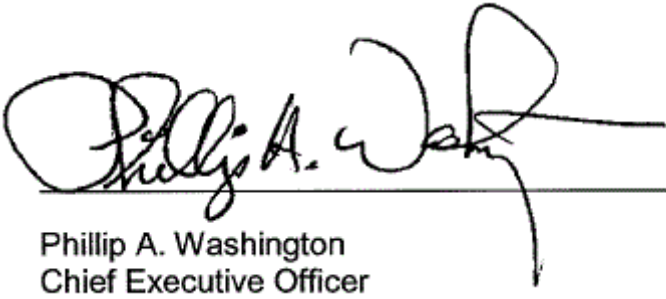
Program Management will request the resources required for project delivery success through the FY18 Budget process for Board approval. Project managers will manage to deliver projects safely, on-time and within the Board-approved budgets. Staff will continue to provide the Board with monthly updates on the project status throughout the year. The next FY2019 Program Management APE report will be presented to the Board in Spring 2018.

### **ATTACHMENTS**

Attachment A - Fiscal Year 2018 Program Management Annual Program Evaluation (APE) presentation

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