



Board Report

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Agenda Number: 29.

CONSTRUCTION COMMITTEE APRIL 18, 2019

SUBJECT: FISCAL YEAR 2020 PROGRAM MANAGEMENT ANNUAL PROGRAM EVALUATION

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report on FY20 Program Management Annual Program Evaluation.

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 costs and schedules of the program is conducted on an annual basis. This report summarizes the results of the FY20 APE review performed by Program Management.

BACKGROUND

The APE initiative is a comprehensive evaluation of Metro's capital program, including Transit, Highway, and Regional Rail projects. As part of the process, staff reviewed and updated project costs and schedules 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 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 toward completion and any changes approved by the Board are incorporated.

DISCUSSION

FY20 Results

For the FY20 APE, Program Management focused on new projects, and projects that will carry-over projects through FY20, with project costs estimated at \$5 million or greater. Program Management staff evaluated 64 projects, including nine Major Transit Construction projects, 23 Other Transit Capital projects, 27 Highway projects, and five Regional Rail projects (see Attachment A presentation for a complete project listing), which total approximately \$18.3 billion. The program size has increased 14.4% from \$16 billion in FY19 to \$18.3 billion in FY20. Program dollars approved for

Major Transit Construction projects increased 27.5% from \$10.8 billion in FY19 to \$13.8 billion in FY20.

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 requiring future Board approval to Metro's capital program in FY20 is reported in the FY20 Program Management APE presentation.

Challenges

With the significant number and size of Program Management projects and the accelerated implementation schedule for delivering Metro's capital program, including the projects on the Twenty-eight by 2028, Metro is currently undertaking the largest transportation capital program in the nation. Metro's capability and capacity to deliver multiple complex projects on-time and within budget creates unprecedented challenges to project delivery.

Efforts to improve, innovate, and increase our capabilities to deliver projects are essential. Program challenges include:

- Our ability to collaborate with stakeholders to meet community expectations;
- Attracting a competitive and qualified pool of contractors, small businesses, and workforce on Metro projects;
- Maintaining sufficient resources and staffing needed to manage and support project delivery;
- Building and delivering projects in a growing construction market with a shortage of skilled workers may impact project costs;
- Achieving continuous improvement in project delivery through innovation and application of best practices and lessons learned;
- Continued commitment by various external jurisdictions for efficient Third Party review and approval is the key to successful delivery of Metro's capital program.

Strategic Initiatives

Program Management continues to implement various strategic initiatives to bring improved planning, consistency, transparency, and discipline to project delivery. These initiatives include:

- Continuation of the Annual Program Evaluation of Metro's capital program;
- Engagement with robust management and support services consulting teams to augment technical expertise and resources;
- Enhancement of Metro's Risk Management and Construction Claims Management programs;
- Continued efforts to develop new and enhance existing project management procedures, and improve Metro's Best Practices/Lessons Learned Program.

FINANCIAL IMPACT

The FY20 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.

Should any of the potential project risks affecting scope, cost and schedule parameters be realized, the Chief Program Management Officer will return to the Board with separate recommendations to address the identified risks and adjust the project cost and/or schedule accordingly.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

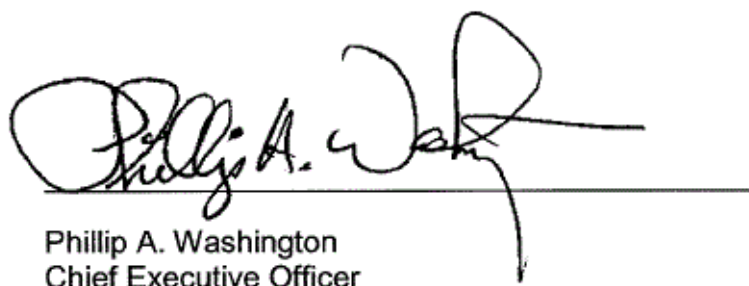
Recommendation supports Strategic Plan Goal #1 - Provide high-quality mobility options that enable people to spend less time traveling. This will be accomplished by planning and delivering multiple capital projects on time and on budget while increasing opportunities for small business development and innovation.

NEXT STEPS

Program Management will request the resources required for project delivery success through the FY20 Budget process for Board approval. Project managers will work 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 FY21 Program Management APE report will be presented to the Board in Spring 2020.

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