



Board Report

File #: 2021-0670, File Type: Contract

Agenda Number: 29.

CONSTRUCTION COMMITTEE NOVEMBER 18, 2021

SUBJECT: PROGRAM MANAGEMENT SUPPORT SERVICES

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE:

- A. The exercise of the two-year option for Contract No. AE35279 with Kal Krishnan Consulting Services/Triunity Engineering and Management Joint Venture (KTJV), a small business prime, in the amount not-to-exceed \$27,461,365 for FY23 and FY24, increasing the authorized total funding limit from \$73,644,591 to \$101,105,956; and
- B. The CEO or designee to execute individual Contract Work Orders (CWOs) and Contract Modifications within the Board authorized contract funding amount.

ISSUE

In June 2017, the Board approved awarding a five-year cost reimbursable fixed fee Contract No. AE35279, plus one two-year option, to KTJV, a DBE Prime Joint Venture, for Program Management Support Services for not-to-exceed \$90,809,070. This created the largest small business led consultant services contract at Metro.

This is a task order-based contract that is incrementally funded through Board action. Board action provided initial funding not-to-exceed \$24,970,960 through the end of FY19 as part of a multiyear contract with an anticipated five-year base contract value of \$63,347,705 plus \$27,461,365 for one two-year option, for a combined total amount not-to-exceed \$90,809,070 for seven years.

BACKGROUND

In April 2019, the Board approved two additional years of funding, increasing the total not-to-exceed amount to \$51,306,204 for the first four years of the contract. In May 2020, the Board approved an increase in authorized funding for the Contract by \$12,041,501, for a new funding limit not-to-exceed \$63,347,705. In May 2021, the Board approved an increase in authorized funding for the Contract by \$10,296,886, for a new funding limit not-to-exceed \$73,644,591.

To date, staff has awarded CWO/Modifications totaling \$72,903,197.77 for CWOs with a period of performance through FY22 and has \$741,393.23 of the authorized funding remaining. Attachment B lists the PMSS contract CWO/Modifications executed to date. Each of the CWOs are funded from the associated projects' budget within the limits of Board authorization. Use of the Contract exceeded staff expectation due, in part, to Board directed acceleration of projects in FY19 and FY20. With only the FY22 balance in current authorization remaining uncommitted and to ensure continuity of the professional services for ongoing future project support, Metro requests authorization to exercise the two-year option in the amount not-to-exceed \$27,461,365, for total authorized Contract funding not-to-exceed \$101,105,956.

Extending the contract duration to include the option period is beneficial to ensure consistent, reliable consultant services without interruption through the conclusion of the PMSS contract. During these final years of the contract, Metro will begin procurement of a new contract to ensure a seamless transition of services to mitigate disruption to the projects in need of consultant staff.

Metro's Management Audit Services (MAS) department conducted a performance audit of the PMSS contract in accordance with the Board Motion 32. On August 20, 2021, MAS issued formal audit notification to Kal Krishnan Consulting Services, Inc./Triunity Engineering & Management Joint Venture (KTJV).

The audit objective was to assess conformity of services performed and billed by the contractor to the scope of work and other provisions of the contract. The period for review is the contract execution date of August 18, 2017 through June 30, 2021.

In addition, MAS identified two focus areas for the performance audit, which were to:

- evaluate compliance with specific terms of the contract related to qualifications, performance, and quality; and
- verify whether work order billing is accurate, substantiated by supporting documents and in compliance with the contract.

The results of the performance audit are issued as a separate report in accordance with MAS reporting standards and practices for independent reporting to the Chief Executive Officer and Metro Board of Directors.

The Office of Inspector General (OIG) department conducted a more macro audit regarding Board's concerns to use in directing further action on the PMSS contract. OIG examined internal policies and practices used to track and evaluate contractor performance, internal practices to track and evaluate the professional services budget, and internal policies used to foster continuous improvement of staffing.

The results of this audit are issued as a separate report in accordance with OIG reporting standards and practices for independent reporting to the Metro Board of Directors.

DISCUSSION

Metro is continuing to undertake the largest transportation construction program in the nation. This creates an unprecedented challenge to project delivery. Recognizing that staffing is a key factor in 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. Attachment E lists the projects that the Contract currently supports and those we anticipate it will support over the duration of the PMSS contract.

Metro staff works with KTJV to scale staff up or down depending on Metro's transit, highway, regional rail and other capital improvement program needs. With the volume of work that accompanies Metro's fast-paced Capital program, the PMSS Contract utilization to assist Program Management in securing enough qualified, flexible resources across a broad spectrum of disciplines in a timely manner needed to manage and support delivery of Board approved projects has increased significantly. This resource availability is especially crucial as Metro endeavors to compete with other agencies in a very tight labor market, as explained in the most recent Los Angeles Construction Market Analysis report prepared in September 2021.

Scope

To support the aggressive project implementation schedule for delivering Metro's Capital Program, close coordination and expertise across multiple disciplines are required in the following eight key functions: project management, program management, project delivery development support, project control, estimating, configuration management, project management and other technical training, and Project Management Information System (PMIS) support services. In addition, the scope has allowed for small business contract compliance support assisting Vendor/Contract Management (V/CM) to efficiently provide sufficient staffing needed to perform V/CM support activities.

Combining all the above functions together into one contract has allowed for a better coordinated and more efficient allocation of resources for Metro than would be possible under a series of separate contracts. To date, the PMSS contract has succeeded in fulfilling the consultant staffing demand on a program-wide level on various multiple transit, regional rail, highway, and other capital improvement projects through utilization of its 23 mostly local-based firms that comprise the KTJV team.

Contract funds are accessed by Metro Project Managers by issuing separate CWOs for various projects using labor classifications and rates set forth in the contract, with funding solely supported through the Life of Project budget. This method of contracting results in more efficient cost and schedule management, since CWOs and modifications to existing CWOs are negotiated and issued as work is identified. For each CWO or modification, Metro prepares a scope of work and an estimate of hours, and KTJV subsequently provides a proposal. Metro and KTJV will fact-find and negotiate the hours if there is a discrepancy. After agreement, the CWO is issued and the work proceeds.

Consultant Services

To date, KTJV has completed and is continuing staff augmentation assignments on major transit construction projects, miscellaneous capital projects, security and safety projects, rail and bus facility improvements, wayside systems, soundwalls, Regional Rail, Highway, and Environmental projects; Metro Gateway staff augmentation for program-wide support; specialty assignments such as constructability review, risk assessment support, procedure writing and training, Project Management Information System (PMIS), Lessons Learned/Best Management Practices implementation, WIN LA,

DBE Compliance Monitoring Support Services, DBE Commercially Useful Functions, and P3 capability development support; and other projects as necessary (see Attachments B and E).

Metro staff conducts an annual contractor performance evaluation of KTJV and they have scored good to excellent on all categories including contract conformance, budget and schedule performance, quality of firm services and augmented staff. KTJV has been responsive and works with Metro staff to provide the qualified resources necessary for Program Management to meet the aggressive implementation schedule for delivering Metro's Capital Program. Metro DEOD assigned a 30% DBE commitment for this Contract. KTJV proposed a 73.31% DBE commitment and will continue working with Metro by prioritizing DBE participation on future contract work orders to meet that commitment through the end of the Contract.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on established safety standards for Metro's capital projects.

FINANCIAL IMPACT

The not-to-exceed award value is based on the anticipated level of services. Each individual CWO will be funded from the associated projects' budget, within the limits of Board authorization. The project managers, cost managers and Chief Program Management Officer will be accountable for budgeting the cost in future years, including cost associated with exercising the option.

Impact to Budget

There will be no additional impact beyond the approved annual budget or respective project's authorized LOP amounts, where applicable. Most of the projects are funded with multiple sources of funds: federal and state grants, federal loans, bonds and local sales taxes. Much of local sales taxes are eligible for bus and rail operations and capital improvements. These funds are programmed to state of good repair projects and to augment the costs of mega projects, where eligible and appropriate

EQUITY PLATFORM

Metro is committed to the Disadvantaged Business Enterprise Program providing a direct route for minority/women-owned businesses to work and grow with Metro. This Contract consists of two DBE Prime firms and 23 subconsultants, 13 of which are also DBE firms. This high proportion of DBE participation is anticipated to offset any potential barriers for DBEs on this bundled contract. Work under this Contract is authorized through the issuance of individual contract work orders (CWO). CWOs are created based on the type of work requested by Metro projects among the multiple firms under the Contract subject to the DBE requirements of the Contract.

KTJV made a 73.31% DBE commitment for this contract making it the largest small business consultant services contract at Metro. To date, 54 CWO's and their Modifications have been awarded. The overall DBE participation for this contract based on the cumulative value of all Contract Work

Orders (CWO) issued. KTJV continues to work with Metro and their subconsultants to prioritize DBE participation on the contract work orders to meet the committed 73.31% DBE utilization.

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 providing program-wide support services to assist in delivering multiple capital projects on time and on budget while increasing opportunities for small business development and innovation.

ALTERNATIVES CONSIDERED

The Board may elect to discontinue using KTJV for PMSS. Staff does not recommend this alternative as the Program Management capital projects are in various degrees of completion and the loss of continuity of staff would cause these projects to be significantly impacted.

Another alternative would be to hire Metro staff to perform the required services. This alternative is also not recommended since the intent of the PMSS is to augment Metro staff in terms of technical expertise and availability of personnel. PMSS are typically required on a periodic or short-term basis to accommodate for peak workloads or specific tasks over the life of the projects. Further, for some projects, the specific technical expertise required may not be available within the ranks of Metro staff, whereas the KTJV consultant can provide the technical expertise on an as-needed basis.

NEXT STEPS

Upon Board approval, staff will continue to issue Contract Work Orders, as needed.

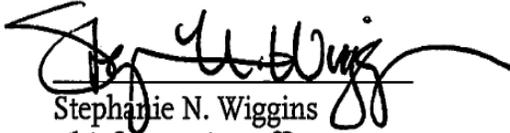
ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - Contract Work Order/Modification Log
- Attachment C - DEOD Summary
- Attachment D - Current Support Provided by Project Category
- Attachment E - Current and Anticipated List of Projects

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