



Board Report

File #: 2018-0244, **File Type:** Contract

Agenda Number: 48.

**REGULAR BOARD MEETING
SEPTEMBER 27, 2018**

**SUBJECT: CONSTRUCTION MANAGEMENT SUPPORT SERVICES FOR METRO RAIL
PROJECTS**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE:

- A. an increase to the total authorized funding for Contract No. PS601830026445 with Destination Enterprises, Inc., for pending and future task orders to provide Construction Management Support Services (CMSS), in an amount not to exceed \$6,123,000 increasing the total contract value from \$3,000,000 to \$9,123,000; and
- B. the Chief Executive Officer to execute individual Task Orders (TOs) and Contract Modifications within the Board approved contract funding amount.

ISSUE

In December 2016, the Metro Board awarded contract PS601830026445 to Destination Enterprises (DE), a Metro Small Business Enterprise and female owned firm, for CMSS for rail facilities in an amount of \$3,000,000 for a term of three years, inclusive of two one-year options. To date, staff has awarded task orders totaling \$2,493,336 and has approximately \$500,000 of the authorized funding remaining. The amount remaining is not sufficient to support capital projects that are currently in planning or under contract.

BACKGROUND

The primary role of DE is to provide skilled and qualified staff to augment Metro staff in the performance of construction management services for Metro's rail facilities construction contracts. Both Metro and DE staff work side-by-side in integrated project management offices (IPMO). In essence, the DE contract allows Metro to efficiently and effectively augment Metro Construction Management staff as required, so that the proper resources required to manage a contract are available to Metro both in terms of staff availability and technical expertise. Contract funds are

authorized by issuing separate TOs for various projects using labor classifications and rates set forth in the contract, with funding solely supported through their respective Life of Project budget. This method of funding and releasing work under the contract results in more efficient cost and schedule management, since TOs and modifications to existing TOs are negotiated and issued as the work or changed work is identified and defined. For each TO or modification, Metro prepares a scope of work and an estimate of hours, and DE subsequently provides a proposal. If there is a discrepancy, Metro and DE will fact-find and negotiate the hours. After agreement, the task order is issued and the work proceeds.

The initial \$3,000,000 contract award was calculated based on three years of small to midsize TOs, primarily for Resident Engineers, Office Engineers, Inspectors and night-time oversight on construction jobsites for rail facilities capital projects. However, due to the technical expertise of DE's staff, their team has also been able to assist Metro with other needs, such as constructability reviews, cost and schedule analysis, and railroad flagging operations. DE's services are also being used to support projects funded by departments outside of Program Management. For example, DE was able to provide support for Division 14 Rail Operations and Maintenance Facility in Santa Monica, Inspection support for Metro Facilities grouting and repairs within the Red Line tunnel, and oversight for adjacent development construction along multiple rail lines.

The New Blue

DE's original scope of work included Metro Blue Line Rail Replacement and Booting project, Metro Blue Line Overhead Catenary System Rehabilitation, and Metro Blue Line Signal System Rehabilitation. These individual projects are now included in the New Blue initiative. However, since the execution of the DE contract, the scope and magnitude of these projects has increased, and the New Blue initiative has commenced. The New Blue now includes Willowbrook/Rosa Parks Rehabilitation, along with multiple additional Maintenance of Way and State of Good Repair projects. Additionally, the plan to perform the New Blue initiative under full closures of the Metro Blue Line now requires 2nd and 3rd shift work that was not contemplated within DE's original scope of work. Due to the complex nature of the New Blue, staff has determined that consistency of project and construction management across the multiple New Blue projects is desired. It is primarily due to this support that staff is requesting additional funding. Current budget forecasts reflect a total value of \$6,123,000 in staff augmentation for projects related to the New Blue. A listing of the current task orders, proposed projects, and forecasted task order amounts is included as Attachment B. As shown on the attachment, the requested contract value is \$9,123,000.

Destination Enterprises, a SBE Prime, made a 56% SBE commitment. Destination Enterprises is currently exceeding their SBE commitment with an SBE participation of 64.46%.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The funding for these services is included in the approved FY19 budget in various rail facilities capital projects, as indicated in Attachment B. Task Orders will be issued and funded from the associated life-of-project (LOP) budgets. The funding source differs depending on the individual project. The contract task orders can only be issued when there is sufficient funding within the approved life-of-project budget for each respective project.

Since this is a multi-year contract, the cost center manager, Chief Program Management Officer and Deputy Executive Officer, Construction Management will be responsible and accountable for budgeting the cost of the annual work program for the current and future fiscal years for the term of the contract, including any option(s) exercised.

Impact to Budget

Funding for this action will come from various sources eligible for rail facilities capital expenditures and major construction projects funded with specific grant and local sales tax matching sources. Approval of this action will result in use of funding which are also eligible for Rail Operations.

ALTERNATIVES CONSIDERED

The Board may elect to discontinue using Destination Enterprises, Inc., for CMSS. Staff does not recommend this alternative as the construction projects are in various degrees of completion and the loss 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 CMSS is to augment Metro staff in terms of technical expertise and availability of personnel. CMSS 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 CMC consultant can provide the technical expertise on an as-needed basis.

NEXT STEPS

Upon Board approval, staff will issue a contract modification and issue task orders, as needed.

ATTACHMENTS

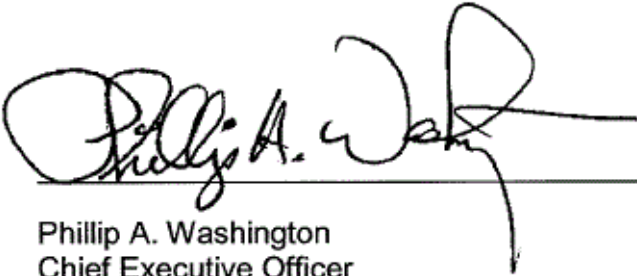
Attachment A - Procurement Summary
Attachment B - Contract Task Order/Modification Log

Attachment C - DEOD Summary

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