

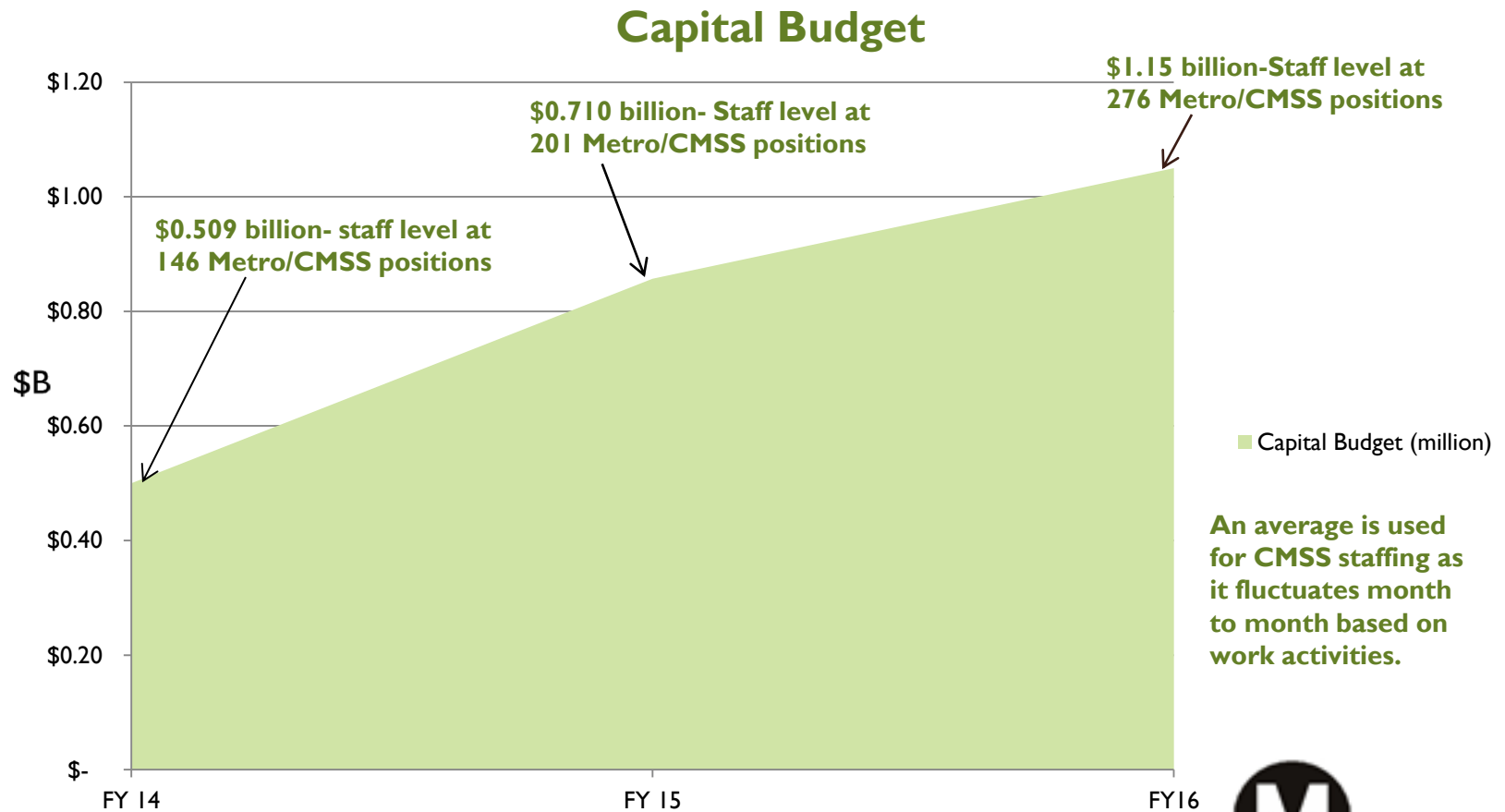
METRO ENGINEERING & CONSTRUCTION

Metro & CMSS Staffing Presentation

July 9, 2015



E&C FY 16 Main Transit Projects Staffing Forecast – a year of growth!



Westside Section I & II, Crenshaw/LAX and Regional Connector



Metro

MAIN KEY POINTS

1. Due to voter-approved Measure R program, Metro is undertaking the largest capital improvement programs in the nation, which is an unprecedented challenge for project delivery.
2. FTA expressed repeated concerns regarding staffing levels for transit projects.
3. FY 16 represents a key year for transit projects as the projects are ramping up. With a proposed capital budget of \$1.150 billion for just the 4 main transit projects, the Metro/CMSS staffing for FY 16 would need to increase from 201 FTE to approximately 276 FTE personnel.
4. In direct response to previous Board motion made on June 26, 2014 by Directors Yaroslavsky, O'Connor and Najarian to conduct a cost benefit analysis of the Construction Management Support Services model to determine which, if any, should be brought in-house, staff is proposing approximately 33 new non-contract positions of which 28 positions are consultant conversions with a potential cost savings of **\$21 million for life of projects.**

MAIN KEY POINTS (continue)

5. The decision to change the CMSS staffing model is **now** as once new CMSS personnel are indoctrinated into the project, it is difficult to transition these CMSS functions to Metro positions mainly due to a potential loss of key intellectual capital and decrease in productivity.
6. The proposed non-contract Metro personnel represents Metro's core functions (i.e. project/construction management, engineers, cost control, contracts, sustainability, capital projects and state of good repair) with projected work for at least 10 years or more.
7. E&C's proposed staffing incorporates attrition and succession planning as 44% of existing E&C staff are age 55 to 65 years of age and may retire in 5 to 10 years. All 40 of the most senior staff will be eligible to retire within 5 years.
8. To honor Metro's commitment to SBE/DBE, CMSS/consultant positions in these categories will remain as consultants.

Benefits of Converting Certain new CMSS/Consultant Functions to New Metro Positions

1. Provide cost effective savings for the life of the project as the average cost of consultants is significantly more than the average cost of Metro personnel.
2. Preserve the intellectual and commercial capital of the organization.
3. Provide a wider diversity of skills to create flexibility and career advancement in the workforce.
4. Provide the ability to “build bench strength” to create a succession plan for the future.

NEXT STEPS

d. July 2015

- a) Board approval of Metro Staff positions.
 - b) Board approval of CMSS contract for CLAX.
 - c) Board approval of CMSS contract for WPLE I.
 - d) Board approval of CMSS contract for RC.
 - e) Continue to advertise new Metro staffing positions
2. August 2015- Begin interviewing and extending Metro offers.
3. Return to the Board in December 2015 to provide an update on the number of new Metro positions and projected cost savings.