



CONSTRUCTION COMMITTEE
MARCH 18, 2004

**SUBJECT: METRO GOLD LINE EASTSIDE EXTENSION
STATUS OF FULL FUNDING GRANT AGREEMENT AND
CONSTRUCTION CONTRACT AWARD**

ACTION: RECEIVE AND FILE THIS REPORT

RECOMMENDATION

Receive and file this report on the status of the Metro Gold Line Eastside Extension Full Funding Grant Agreement and construction contract award.

ISSUE

On December 10, 2003, MTA received bids for the Metro Gold Line Eastside Extension, Contract C0803 "Tunnels & Station Excavations and Stations Trackwork & Systems". The bids were higher than anticipated, relative to the proposed construction budget in the pending Full Funding Grant Agreement (FFGA). An "Action Plan" was developed which defined the steps necessary to reconcile this cost difference.

BACKGROUND

On January 20, 2004, an Action Plan was transmitted to the FTA that defined the steps necessary to reconcile the cost difference between the higher than anticipated bid amounts and the proposed construction budget (\$113.3 million). The Action Plan identified (1) MTA budget line item adjustments and reallocations commensurate with the current status of the project, (2) cost reductions by invoking the contract provision which allows the MTA to request Best And Final Offer (BAFO) from the bidder(s), (3) that the project budget will be maintained at \$898.8 million and (4) that the Federal Section 5309 New Starts share of \$490.7 million, as set forth in the FFGA, will be preserved without any change.

On February 23, 2004, MTA received a BAFO of \$586.8 million, from the lowest bidder (Eastside LRT Constructors). This represents a reduction of \$57.6 million from the original bid of \$644.4 million. MTA project budget adjustments allowed the construction budget of \$531.1 million (Contract C0803) to be adjusted upward by \$56.3 million, for a revised construction budget of \$587.4 million as indicated below.

**Project Construction Budget Adjustments Per Action Plan
FINAL RESULTS**

Description	Initial Bid December 10, 2004	Action Plan/BAFO February 23, 2004
Construction Budget	\$531.1	\$587.4
Low Bid	\$644.4	\$586.8
Variance	\$(113.3)	\$0.6

The BAFO amount is \$600,000 below the revised construction budget. Therefore, MTA has indicated to the FTA that the Action Plan can be successfully implemented through the project construction budget adjustments and the cost reductions achieved through the BAFO process, with \$600,000 returning to the contingency.

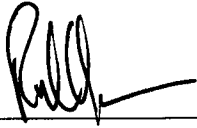
NEXT STEPS

MTA staff believes that the revisions to the Action Plan will not substantively change the Eastside FFGA package currently under review. A schedule with suggested target dates for the remaining steps in the FFGA review process (see Attachment A) has been transmitted to the FTA. This schedule contemplates that, as soon as the Office of Management and Budget (OMB) has completed its review of the FFGA and the FTA has concluded its assessment of the MTA's plan, the FFGA be forwarded to the Congress to commence the 60 day review period. This would provide just enough time for the FFGA to be executed before the end of the 180-day bid validity period for the construction contract (June 2, 2004).

ATTACHMENT

A. Proposed Schedule For Remaining FFGA Review

Prepared by: Dennis S. Mori, Executive Officer, Project Management



Richard Thorpe
Chief Capital Management Officer



Roger Snoble
Chief Executive Officer

ATTACHMENT A

PROPOSED SCHEDULE FOR REMAINING FFGA REVIEW

Mid January 2004: Submittal of Bid Results & Project Adjustments Action Plan

Late February 2004: Receipt of BAFO from contractor

Late February 2004: OMB completes FFGA review

Early March 2004: FTA and PMOC completes review of MTA Action Plan

Mid March 2004: Submittal of FFGA package to Congress

Mid May 2004: Congressional 60-day review period ends

Late May 2004: FTA executes FFGA