



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
SEPTEMBER 21, 2006**

SUBJECT: INTEREST-BASED PROBLEM SOLVING

**ACTION: MODIFY CONTRACT WITH AGREEMENT DYNAMICS, INC. TO
PROVIDE INTEREST BASED PROBLEM SOLVING TRAINING**

RECOMMENDATION

Authorize the Chief Executive Officer to execute Modification No. 2 to Contract No. OP3010-1812 with Agreement Dynamics Inc., for interest-based problem solving training consulting services in the amount not to exceed \$196,600 through May 1, 2007, increasing the Total Contract Value from \$198,555 to \$395,155.

RATIONALE

On June 28, 2006, Metro reached tentative agreements with Amalgamated Transit Union (ATU), United Transportation Union (UTU) and Transportation Communications Union (TCU). The Metro Board of Directors ratified these agreements at a Board meeting on June 29, 2006 and approved the funding required including an amount for training and implementation. Subsequently, in July 2006, the Board approved an amendment to the FY07 budget that includes funds for training and implementation. This contract modification No. 2 is part of the significant effort to train all operations managers and supervisors responsible for administering the ATU and UTU contracts.

Negotiations were successful for a variety of reasons, but a key factor was the use of a new bargaining approach to Metro called "Interest-Based Negotiations." Prior to entering negotiations, both Metro management and union negotiators participated in specialized training on this methodology.

With the success of these negotiations, Metro is committed to continuing and building upon the current positive labor relations environment. This requires improving the interpersonal and problem-solving skills of all levels of Operations Management, including supervisors who have the most direct interface with our frontline employees.

Metro proposes to continue using the above consultant for the specialized interest-based problem solving training of managers and supervisors. In addition, the leadership and local

representatives of Metro's unions will be invited to participate in the training, mirroring the process used to train the negotiating teams.

The training, which involves approximately 160 managers, 450 supervisors, and up to 75 union representatives (UTU, ATU, TCU) will occur over a six-month period, from October 2006 through March 2007.

IMPACTS TO OTHER CONTRACTS

This contract modification is necessary to effectively implement the agreements reached with the unions in June 2006. Agreement Dynamics, Inc. will be partnering with Gayland Moffat, Inc. on the interest-based problem solving training. Staff is also requesting board approval in September 2006 for a modification to the Gayland Moffat Inc. contract for this purpose.

FINANCIAL IMPACT

Funding for this contract is included in the FY07 budget as part of the budget amendment approved by the board at the conclusion of labor negotiations.

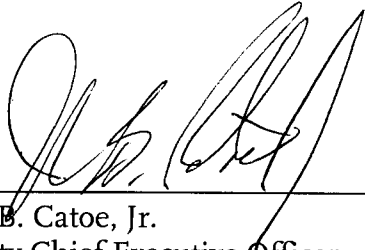
ALTERNATIVES CONSIDERED

The Board could direct staff to conduct training using in-house staff or to issue a competitive procurement for this service. Staff does not recommend the first option due to the specialized nature of this training. While other consultants do provide similar services, the continuity of using the same trainer, who very successfully trained the negotiating teams and acted as a mediator throughout the process, is invaluable. Use of another consultant would require time and effort to obtain the same level of expertise and understanding of the current labor relations environment.

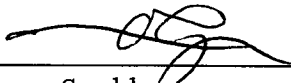
ATTACHMENTS

- A. Procurement Summary
- A-1. Procurement History
- A-2. List of Subcontractors

Prepared by: Andrea Burnside, Managing Director, Operations Administration



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

INTEREST-BASED PROBLEM SOLVING

1.	Contract Number: OP30101812		
2.	Recommended Vendor: Agreement Dynamics, Inc.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$196,600	Recommended Price: \$196,600	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Time and Material		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: 09/07/06		
	F. Conflict of Interest Form Submitted to Ethics: 09/05/06		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: N/A	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: 0% Details are in Attachment A-2 Sole Source procurement		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 0	Bids/Proposals Picked up: 0	Bids/Proposals Received: 0
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Dynamics Agreement, Inc.	<u>Bid/Proposal Amount:</u> \$196,600	<u>Best and Final Offer Amount:</u> \$196,600
	B. Evaluation Methodology: Describe Methodology Details are in Attachment A-1.C		
9.	Protest Information: N/A		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Victor Ramirez	Telephone Number: 213 922-1059	
11.	Project Manager: Andrea Burnside	Telephone Number: 213 922-3084	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

INTEREST-BASED PROBLEM SOLVING

A. Background on Contractor

Agreement Dynamics, Inc. of Seattle, WA is a consulting firm specializing in Labor Management Relations, Negotiations Facilitation, and Conflict Conversation. Agreement Dynamics expertise and experience in coaching and training public agencies in Interest-Based Negotiations is unique and a proven method for labor contract resolution. Interest-Based Negotiations have successfully been used by Bay Area Transit, Utah Transit, and most recently by LA Metro in 2006.

B. Procurement Background

The existing contract was awarded December 16, 2005 as a non-competitive award in the amount of \$98,555 for training of key Metro, ATU and UTU personnel on the Interest-Based Negotiation methodology, as well as negotiation facilitation services. Contract Modification No. 1 covered a doubling of the level of effort when it became apparent that the Interest-Based Negotiation method was yielding success at the negotiation table. Amendment No. 2 calls for the same services for an additional nine months period covering new negotiations with Teamsters and contract implementation and training for all labor contracts.

C. Evaluation of Proposals

The proposal submitted by Agreement Dynamics is consistent with the previous work performed for ATU and UTU negotiations. The rates proposed are equal to the rates defined under the original contract.

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon comparison with internal project management estimates for the base and modification work. The labor rates proposed are mainly for the direct work of Agreement Dynamics' Principal. Based on comparisons for work performed by corporate principals, the fully burdened hourly rate of \$195 to \$250 per hour is determined to be reasonable. All travel expenses shall be approved prior to expenditure and shall be reimbursed for actual costs.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

INTEREST-BASED PROBLEM SOLVING

PRIME CONTRACTOR – AGREEMENT DYNAMICS, INC.

Small Business Commitment

Other Subcontractors

N/A

N/A

Total Commitment 0%