



**Expo**

Exposition Metro Line  
Construction Authority

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**6.a.**

**DATE: MARCH 1, 2007**

**TO: BOARD OF DIRECTORS**

**FROM: RICHARD D. THORPE  
CHIEF EXECUTIVE OFFICER**

**ACTION: APPROVE THE FINAL NEGOTIATED PRICE FOR STAGE 1 SERVICES ASSOCIATED WITH THE PHASE 2 EXPO PROJECT FOR A TOTAL AMOUNT OF \$5,216,531, AND AUTHORIZE THE CEO TO ISSUE NOTICE-TO-PROCEED 1B FOR THE COMPLETION OF STAGE 1 WORK.**

**RECOMMENDATION**

- A. Approve the final negotiated price for all Stage 1 services, inclusive of the \$750,000 Notice-to-Proceed 1A approved by the Board for initial scoping activities and Notice-to-Proceed 1B in an amount of \$4,466,531 for all remaining Stage 1 tasks, for a total not-to-exceed amount of \$5,216,531.
- B. Authorize the CEO to issue Notice-to-Proceed 1B for the completion of Stage 1 work.

**SUMMARY**

At its meeting on November 2, 2006, the Board approved the CEO recommendation of DMJM Harris as the most qualified proposer for the Phase 2 Expo Project, and authorized the CEO to negotiate an agreement for Stage 1 Engineering and Environmental Consulting Services, which includes completion of the draft EIS/EIR.

Once finalized, the CEO agreed to present the total negotiated Stage 1 contract amount to the Authority Board for review and authorization. However, in the interest of meeting the Phase 2 schedule, the Board authorized the issuance of Notice to Proceed (NTP) No. 1A for an amount

not-to-exceed \$750,000, to allow for the immediate initiation of EIS/EIR scoping and related early Project activities included in the Stage 1 work, while final Stage 1 negotiations were completed.

DMJM Harris and the Authority have negotiated a final price of \$5,216,531 for all Stage 1 services, inclusive of the \$750,000 NTP 1A for initial scoping activities. Pricing for Stage 2 work and the Stage 3 option (if exercised) will be established through future negotiations and brought before the Board for review and approval.

## **DISCUSSION**

### **Project Summary**

The Authority requires the services of a highly qualified transportation planning, environmental and engineering design firm to study alternatives and environmentally clear a locally preferred alternative for Phase 2 of the Exposition Transit project. The study corridor extends from the current planned terminus of the Exposition Light Rail Transit Project at Washington/ National Station in the City of Culver City to an end-of-line station near 5th Street/Colorado Boulevard in the City of Santa Monica.

The Scope of Work for Phase 2 has been divided into three distinct stages, and, if authorized, separate notices-to-proceed will be issued for each subsequent stage. Required work includes the following:

- Stage 1- Alternatives Analysis/ Draft Environmental Impact Statement/ Environmental Impact Report (AA/DEIS/DEIR) and conceptual engineering to support the AA/DEIS/DEIR
- Stage 2- Final EIS/EIR and Preliminary Engineering to support the FEIS/FEIR
- Stage 3 (Option)- Environmental support services after environmental clearance, including support during negotiation of a Full Funding Grant Agreement, design services during construction, and supplemental environmental services during construction. This stage requires the exercise of an option.

This staged approach allows the Authority to clearly define the scope of work and the contract price for each stage prior to authorizing the work. This is appropriate and necessary because the scope and type of the preferred alternative resulting from the EIS/EIR process cannot be presumed and must be defined through the EIS/EIR process.

The Authority went through a competitive process to procure these services, and State and Federal law require the use of a qualifications-based approach for procuring professional services of this type. The qualifications-based procurement method excludes price as an evaluation factor; however, the final negotiated price for the services must be deemed fair and reasonable by the Authority.

### **Procurement History**

On November 2, 2006, the Board approved the CEO recommendation to select DMJM as the most qualified proposer, authorizing the CEO to enter negotiations with DMJM and execute an Agreement for Stage 1 Engineering and Environmental Consulting Services. The Board further authorized the CEO to issue limited Notice-to-Proceed (NTP) 1A to DMJM for initial EIS/EIR scoping and related Stage 1 activities. Once a total price for Stage 1 was negotiated, the CEO was to bring the total Stage 1 price back to the Board for final review and approval.

In support of recent negotiations, the Authority conducted a thorough price analysis of the elements (i.e., labor hours, overhead, materials, etc.) of DMJM's initial and revised cost proposals. Authority staff also developed an in-house cost estimate and conducted a market survey of comparable projects throughout the western United States. Finally, the Authority retained the services of an independent CPA firm, Thompson, Cobb, Bazilio & Associates (TCBA), to conduct an audit of the annual financial statements, labor rates, overhead and ODCs proposed by DMJM and its major subconsultants.

DMJM Harris' initial price proposal of \$9,908,603 for Stage 1 was negotiated to a final price of \$5,299,017. The substantial reduction was brought about largely as a result of the parties' agreement on the appropriate level of effort required to successfully complete Stage 1 services. An additional price reduction of \$82,486 resulted from final price changes made in response to pre-award audit findings developed by TCBA.

As a result of the foregoing process, a fair and reasonable price of \$5,216,531 has been established between the parties for all of the Stage 1 work. The contract with DMJM will be a cost-plus-fixed-fee contract with a negotiated not to exceed amount. The contract period of performance is approximately seventeen months. Prices for Stage 2 work and the Stage 3 option (if exercised) will be established through future negotiations.

On advice from counsel, and due to the limitations resulting from recent Federal court decisions, the Authority could not assign a Disadvantaged Business Enterprise (DBE) participation goal for this competitive

procurement. However, the proposer team, led by DMJM, will be required to utilize race neutral means to encourage DBE participation on the project.

**FINANCIAL IMPACT**

The Los Angeles County Metropolitan Transportation Authority (Metro) Board has programmed \$15 Million over the next three fiscal years, beginning July 1, 2006, to perform the environmental studies and preliminary engineering required to advance Phase 2 of the project.

**NEXT STEPS**

Once Stage 2 is negotiated, future Board action granting budgetary approval will be required prior to the issuance of a Notice-to-Proceed for this phase of work.

**ATTACHMENT(S)**

None