



Board Report

File #: 2019-0054, File Type: Contract

Agenda Number: 26.

CONSTRUCTION COMMITTEE MARCH 21, 2019

SUBJECT: QUALITY MANAGEMENT CONSULTANT

ACTION: AWARD PROFESSIONAL SERVICES CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to:

- A. AWARD AND EXECUTE a seven (7) year cost reimbursable, Contract No. PS54007, to PQM, Inc., for Quality Management Consultant Program Services on Task Orders for an amount not-to-exceed \$5,378,518 for an initial twenty-six months; plus three one year options, subject to resolution of any properly submitted protest; and
- B. EXECUTE individual Task Orders and changes within the Board approved contract not-to-exceed amount.

ISSUE

Staff seeks to award a Quality Management Consultant Program Services contract to assist Metro in the delivery of voter approved Measures R, M, and other Board approved Capital Improvement projects. The recommended action will provide contract authority for Task Orders issued during the initial 26 months, FY's 2019, 2020, and 2021. Staff intends to return to the Board in two years to request additional contract authorization as additional contracts develop and the new quality oversight program matures.

BACKGROUND

The delivery of quality capital projects is a major goal of Metro's Program Management Department and a commitment made to the public and the Metro Board. As the size and complexity of Metro's capital program grows, it is important to have the systematic quality assurance tools and capabilities to keep up with this program.

The ability of the Quality Division to support the Measures R & M projects with a Quality Management Oversight (QMO) System depends on procuring consultant services to upgrade and improve our present system. The enhancements will assist and support staff in the oversight and verification of Contractor's compliance to the projects' requirements.

DISCUSSION

Metro's Quality Management Program requires utilization of Consultant services to develop, implement, and manage a Quality Management Oversight System. Training of employees and other personnel affected by this QMO System will also be needed as well as development of supporting tools. The Purple Line Extensions 2 & 3 have been selected as the first projects to implement this system. In addition, this QMO system will be applied to all other major capital improvement projects once the program has been proven effective.

Term

Due to the length of time needed to deliver major capital improvement projects, it is inefficient and disruptive to change the contractor during project delivery. The recommended Quality Management Consultant term will provide Quality Management Oversight Support Services with greater continuity, consistency, and less disruption by implementing a base seven (7) year contract with three (3) one-year options.

Scope

The scope of services to be provided by the Consultant includes, but is not limited to: development and implementation of an ISO 9001:2015, Quality Management System; development and implementation of an QMO Training Program; manage Project Database Requirements; internal quality audits of Project Management processes; trend analysis and feedback; Materials Verification Testing & Inspection program (OVT) Database tool; support for Project Close-Out and acceptance; implement Quality Improvement Methodologies for overall program and project continuous improvement.

The primary purpose of this contract is to establish an improved QMO system for Metro. The Services to be performed will include provision of a QMO Program Manual that meets the requirements of ISO 9001:2015. Services will also provide a requirements database tools for requirements management, data analysis, reporting, and product acceptance. The scope of services also includes supporting Metro to achieve certification to the ISO 9001:2015 standard and facilitate the ISO Registrar to perform a registration audit and subsequent annual surveillance audits. The benefits of this QMO enhancement include improvements in:

- Confidence and accountability to project stake holders.
- Communications to project participants.
- Productivity of staff resources.
- Delivery and quality of contract requirements.

DETERMINATION OF SAFETY IMPACT

The Board action will not have any adverse safety impacts on Metro's Construction projects, Operations, our employees, and/or patrons.

FINANCIAL IMPACT

The FY19 Budget includes \$1,600,000 for this recommendation under Project 100055 (Measure R Overhead), Cost Center 8110 (Quality Assurance/Compliance) and Account 50316 (Professional Services). The FY19 budget is planned for support of the program wide elements of the contract which cannot be assigned or funded by a specific project.

Since this is a task order driven contract defined by detailed scope(s) of work, each task order (TO) shall be charged to a Measure R/M (MR/MM) project, State of Good Repair (SGR) project or MR/MM Overhead project for the program wide quality elements and activities. The funds for the assigned TO (s) will be included as part of the respective MR/MM project or SGR life of project (LOP) funds to fund the assigned scope of work described in the task orders.

Staff anticipates the overhead nature of the workscope to occur from the remainder of FY19 thru FY21. This time frame will initially require a not to exceed amount of \$3,000,000 to be funded under Project 100055. Annual overhead allotments beyond FY21 are expected to decrease by more than 50% as new quality oversight program task orders will be applied directly to respective projects and as the ISO 9001:2015 certification is achieved. Beyond FY21, future overhead related task orders will be required for maintaining the certification and the continuous improvement of the quality program.

Upon approval of the recommendation, staff shall return to the Board every two years to provide a status update and, if required, request additional contract authorization as the new program matures in order to accurately estimate the anticipated level of required resources. Since this is a multi-year project, the Project Manager and Chief Program Management Officer will be responsible for budgeting in future fiscal years.

Impact to Budget

Upon approval of this action, up to \$400,000 of the \$1,600,000 in the FY19 budget under Project 100055 (MR Overhead) will be used to initiate the program wide support efforts. Any additional funding for TOs issued under this action will be provided by the specific project benefiting the services.

The source funds for project 100055 are Measure R Admin funds. Task orders assigned to MR/MM Projects will be funded within the LOP funding plans of the respective project(s). The project funds may consist of federal and/or state grants, local funds and loans. Many state-of-good-repair and capital improvement projects are funded with local funding sources which are eligible for rail and bus operations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Executing Contract, No.PS54007 would permit Metro's Program Management/Quality Department to provide an efficient, consistent and high level of support to Measures R, M projects; therefore, it would positively support Metro's overall plan and goal of expanding the transportation network, increase mobility for all users and improve LA County's overall transit network and assets.

ALTERNATIVES CONSIDERED

The Board may reject the recommendation, proposed duration, or initial funding authorization. Staff does not recommend these alternatives. The use of a consultant allows the agency to secure highly technical expertise without the necessary increase in Metro long term labor costs. Further, by providing for an overall term of seven years plus three one-year options, an integrated and consistent approach across all projects serves Metro's interests. Finally, by limiting funding to two years, greater accuracy of project scope and cost requirements can be provided to the Board on a two-year basis.

NEXT STEPS

Upon Board approval, staff will complete the process to award and execute the contract. Specific task orders will be subsequently issued on an as needed basis.

ATTACHMENTS

Attachment A - Procurement Summary

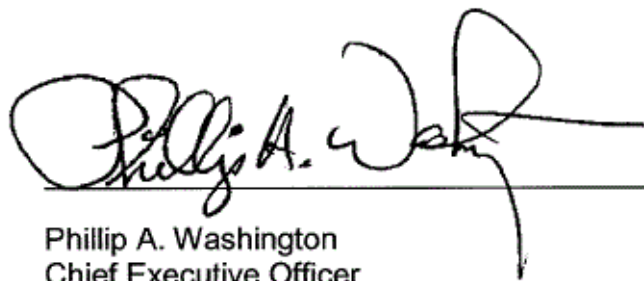
Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

**QUALITY MANAGEMENT CONSULTANT (QMC)
PS54007**

| | | |
|----|---|--|
| 1. | Contract Number: PS54007 | |
| 2. | Recommended Vendor: PQM, Inc. | |
| 3. | Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order | |
| 4. | Procurement Dates: | |
| | A. Issued: September 21, 2018 | |
| | B. Advertised/Publicized: September 22, 2018 | |
| | C. Pre-Proposal Conference: October 3, 2018 | |
| | D. Proposals Due: November 6, 2018 | |
| | E. Pre-Qualification Completed: 01/30/2019 | |
| | F. Organizational Conflict of Interest Review Completed by Ethics: 12/5/18 | |
| | G. Protest Period End Date: March 21, 2019 | |
| 5. | Solicitations Picked up/Downloaded: 130 | Proposals Received: 6 |
| 6. | Contract Administrator: Rafael Vasquez | Telephone Number: 213.418-3036 |
| 7. | Project Manager: Herman Gallardo | Telephone Number: 213.922-1385 |

A. Procurement Background

This Board action is to approve Contract No. PS54007 Quality Management Consultant Program Services (QMC), to supplement Metro's Program Management's Office of Quality Management in providing the following services: Development of an ISO 9001:2015 Quality Management Systems-Requirements Compliant Quality Management Oversight (QMO) Program, Management of Project Database Requirements, Implementation of the QMO Program, Internal Quality Audit of Project Management Process, Trend Analysis and Feedback, Deployment of Owner's Verification Testing (OVT) Database Tool, Support for Project Closeout and Acceptance, and Implementation of Quality Improvement Methodologies for Overall Program and Project Continuous Improvement. The QMC will furnish all labor, material, and other related items required to perform the services on a contract Work Order basis under specific Task Order and Period of Performance. Board approval of contract awards are subject to resolution of any properly submitted protest.

The Request for Proposals (RFP) was a competitively negotiated based procurement process, performed in accordance with Metro Procurement Policies and Procedures. This process required each of the responding firms' qualifications to be evaluated on the technical requirements and approaches as described in the Scope of Services. The weightings for the technical factors and the cost proposal were included in the RFP. The proposing firms were rated accordingly and the results are below as shown. The RFP was issued with a DBE goal of 22%. The contract type is a cost plus fixed fee. The Contract is for a term of seven (7) years with three (3) one-year options.

Two amendments were issued during the solicitation phase of the RFP:

- Amendment No. 1, issued on October 8, 2018, extended the proposals due date from October 23, 2018 to November 6, 2018.
- Amendment No. 2, issued on October 12, 2018, clarified Form 60 where the positions listed in the Cost of Pricing Summary were required for evaluation purposes.

A total of six (6) proposals were received on November 6, 2018, from the following firms:

- ABA Global, Inc.
- Alta Vista Solutions
- ATSER LP
- MARRS Services, Inc.
- PQM, Inc.
- Trident CPM Consulting

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro Program Management Capital Improvements Projects, Office of Quality Management, and Safety, Risk & Asset Department was convened and conducted a comprehensive evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and the associated weightings:

- | | |
|---|------------|
| • Experience and Capabilities of the Firms on the Consultant's Project Team | 25 percent |
| • Key Personnel's Skills and Experience | 20 percent |
| • Effectiveness of Management Plan | 20 percent |
| • Understanding of Work and Appropriateness of Approach for Implementation | 25 percent |
| • Cost Proposal | 10 percent |

The evaluation criteria were appropriate and consistent with criteria developed for other, similar Professional Service procurements. Several factors were considered when developing the weightings, giving the greatest importance to the Experience and Capabilities of the Firms on the Consultant's Project Team, and Understanding of Work and Appropriateness of Approach for Implementation.

The PET evaluated the six (6) written qualification proposals from November 2018 through early December 2018. Of the six (6) proposals received, four (4) were determined to be within the competitive range. The four firms are listed below in alphabetical order:

1. Alta Vista Solutions
2. ATSER LP
3. MARRS Services, Inc.
4. PQM, Inc.

ABA Global, Inc. and Trident CPM Consulting proposals were considered to be outside the competitive range and excluded from further consideration. Both proposers were notified of the determination.

On December 11 and 12, 2018, the PET met with the four (4) Proposers for oral presentations. The firms were given the opportunity to present on: 1) Experience and Capabilities of the Firms on the Consultant's Project Team and 2) Understanding of Work and Appropriateness of Approach for Implementation.

The proposing firms had the opportunity to present their proposed project managers, key personnel and some of their key members, as well as respond to the PET's questions. In general, each Proposer's presentation addressed the requirements of the RFP, experience with all aspects of the required and anticipated tasks, and stressed each proposer's commitment to the success of the contract.

Qualifications Summary of Firms within the Competitive Range:

PQM, INC.

- PQM's proposal significantly exceeds the RFP minimum requirements in the experience and capabilities of the firms on the consultant team criteria. The PQM team has proven outstanding experience implementing similar services as the QMO program.
- PQM's proposal significantly exceeds the RFP minimum requirements in the key personnel's skill and experience criteria. The proposed Program Manager and Program Director have over 20 years of experience in quality management and several ASQ quality related certifications and systems engineering.
- The proposed QMC Program Manager is highly qualified, and experience in transit QMO programs and ISO 9001 compliance.
- PQM's proposed organization and approach indicates an exceptional understanding of the QMC goals, staffing needs and exceeded the DBE goal requirements.
- The PQM team is specially structured to integrate with Metro staff, clear roles, focused on training, productivity, and plan for managing conflicts.

ATSER LP

- The proposal substantially meets the RFP minimum requirements in the Experience and Capabilities of the Firms on the Consultant's Project Team criteria.
- The prime proposer has very good experience in quality management services and the proposed QMS software **Assure-IT™** has been developed and used for 25 years.
- The proposal significantly meets the RFP minimum requirements in the Key Personnel's Skills and Experience. The proposed team has very good experience with this type of scope in the transportation area. The proposal demonstrated highly experienced key personnel in QMO work on behalf of agencies or large projects.
- The proposal substantially meets the RFP minimum experience requirements in interfacing with third parties such as cities, FTA, and Caltrans.
- The proposal demonstrated satisfactory experience and performance in regards to past experience with cost, quality and auditing.
- The proposed organization and approach indicates a very good understanding of the QMC /QMO staffing needs and goals.
- The proposer has a very good understanding of the major challenges and how to address them.

ALTA VISTA SOLUTIONS

- The proposal generally meets the RFP minimum requirements. The proposed approach indicates an adequate and sound understanding of the project goals and methods and other aspects essential to the performance of the project.
- The proposal provided a very good vision in regards to the integration of the QMO program with Metro Quality Assurance staff.
- The Proposer assembled a good team with a depth of sub-consulting team members experienced in a program of this magnitude, and firms dedicated to QMO.
- The Proposer's key personnel team members generally meet the RFP minimum experience requirements. The proposed QMC Program Manager has experience with agencies and programs similar to the Metro Capital programs.
- The proposal demonstrated a strong and well thought-out organization of team members, and co-locating of firm partners. The Proposer and team member firms demonstrated very good capacity to take on assignments.
- The Proposer's PM and key personnel demonstrated very good experience in development of a QMO program.
- The audit and performance lead staff possesses the required ASQ CMQ/OE certification and have experience in quality management programs and its elements.
- The Proposer has a very good understanding of integration with Metro team and staff.

MARRS SERVICES, INC.

- The proposal generally meets the RFP minimum requirements in the Experience and Capabilities of the Firms on the Consultant’s Project Team. The Proposer and other sub-consultant team members demonstrated excellent knowledge and experience working with other public transit agencies and other agencies (cities and counties) and would be able to interface with affected stakeholders for purposes of interagency coordination.
- The proposal substantially meets the RFP minimum requirements in the Key Personnel’s Skill and Experience criteria. The proposed approach indicates a thorough understanding of the project needs, challenges and goals.
- The proposal’s approach to develop and integrate a QMO program is described well and is sound, including the major steps that will be undertaken by the team; all are in accordance with the Scope of Services.

The PET ranked the four (4) proposals in the competitive range, based on the evaluation criteria in the RFP, and assessed major strengths, weaknesses and associated risks of each of the Proposers to determine the most advantageous firm. The final scoring was based on evaluation of the written proposals, as supported by oral presentations, and clarifications received from the Proposers. The results of the final scoring are shown below:

| | Firm | Average Score** | Factor Weight | Weighted Average Score* | Rank |
|-----------|---|-----------------|----------------|-------------------------|----------|
| 1 | PQM, Inc | | | | |
| 2 | Experience and Capabilities of the Firms on the Consultant’s Project Team | 94.93 | 25% | 23.73 | |
| 3 | Key Personnel’s Skills and Experience | 95.67 | 20% | 19.13 | |
| 4 | Effectiveness of Management Plan | 94.00 | 20% | 18.80 | |
| 5 | Understanding of Work and Appropriateness of Approach for Implementation | 95.33 | 25% | 23.83 | |
| 6 | Cost Proposal | 84.20 | 10% | 8.42 | |
| 7 | Total | | 100.00% | 93.91 | 1 |
| 8 | ATSER LP | | | | |
| 90 | Experience and Capabilities of the Firms on the Consultant’s Project Team | 84.00 | 25% | 21.00 | |
| 10 | Key Personnel’s Skills and Experience | 87.50 | 20% | 17.50 | |
| 11 | Effectiveness of Management | 84.08 | 20% | 16.82 | |

| | | | | | |
|-----|---|--------|----------------|--------------|----------|
| | Plan | | | | |
| 12 | Understanding of Work and Appropriateness of Approach for Implementation | 88.13 | 25% | 22.03 | |
| 13 | Cost Proposal | 100.00 | 10% | 10.00 | |
| 14 | Total | | 100.00% | 87.35 | 2 |
| 15 | ALTA VISTA SOLUTIONS | | | | |
| 16 | Experience and Capabilities of the Firms on the Consultant's Project Team | 79.53 | 25% | 19.88 | |
| 17 | Key Personnel's Skills and Experience | 77.58 | 20% | 15.52 | |
| 18 | Effectiveness of Management Plan | 80.50 | 20% | 16.10 | |
| 190 | Understanding of Work and Appropriateness of Approach for Implementation | 78.93 | 25% | 19.73 | |
| 20 | Cost Proposal | 97.20 | 10% | 9.72 | |
| 21 | Total | | 100.00% | 80.95 | 3 |
| 22 | MARRS SERVICES, INC. | | | | |
| 23 | Experience and Capabilities of the Firms on the Consultant's Project Team | 71.07 | 25% | 17.77 | |
| 24 | Key Personnel's Skills and Experience | 81.17 | 20% | 16.23 | |
| 25 | Effectiveness of Management Plan | 78.92 | 20% | 15.78 | |
| 26 | Understanding of Work and Appropriateness of Approach for Implementation | 83.53 | 25% | 20.88 | |
| 27 | Cost Proposal | 95.80 | 10% | 9.58 | |
| 28 | Total | | 100.00% | 80.24 | 4 |

* Weighted Scores are rounded up to the nearest second decimal point.

** Cost proposals were based on the Proposer's rates for a sample level of effort of 7,500 hours only. Scores shown above for the cost proposals are based on formulae in the RFP highest score going to the lowest cost proposal.

C. Cost/Price Analysis

Metro performed a cost analysis of labor rates and comparing the four (4) proposals in the competitive range with one another as well as Metro's estimate. All proposals were based on direct labor rates, overhead rates, other direct costs, sub-consultant rates, and fixed fee, and the impact is reflected in the cost score above. The

proposed labor rates, indirect rates and other direct costs for the recommended firm were determined to be fair and reasonable.

| | Proposer Name | Proposal Amount ⁽¹⁾ | Metro ICE ⁽²⁾ | Recommended NTE Amount ⁽³⁾ |
|---|-----------------------------|---------------------------------------|---------------------------------|--|
| 1 | PQM, Inc. | \$1,691,693 | \$5,378,518 | \$5,378,518 |
| 2 | ATSER LP | \$1,423,628 | | |
| 3 | Alta Vista Solutions | \$1,464,427 | | |
| 3 | MARRS Services, Inc. | \$1,486,260 | | |

Notes:

- (1) The proposal amounts shown were for evaluation purposes only and were based on the rates for a sample level of effort (7500 hours, only) since there was no definable total level of effort for the Scope of Services. Hourly labor rates, overhead and fee were negotiated and determined to be fair and reasonable.
- (2) The amount \$5,378,518 is a Not-to-Exceed amount estimated for the first 26 months (May – June FY’19, FY’20 and FY’21) of the contract.
- (3) The amount \$5,378,518 is a Not-to-Exceed amount for the first 26 months (May – June FY’19, FY’20 and FY’ 21) of the contract. Future work will be funded according to an Annual Work Program, on a two year basis. The total contract amount will be the aggregate value of all task orders negotiated with the Consultant through the term of the contract.

D. Background on Recommended Contractor

The recommended firm, PQM, Inc., is LOCATED IN Huntington Beach, CA; it is a certified DBE, SBE and WBE firm and is the prime consultant of the team. Founded in 2006, PQM is a quality management consulting firm focused on improving project delivery through the development and implementation of effective quality management programs. PQM specializes in developing, implementing and monitoring ISO 9001 compliant quality management programs for major capital improvement programs.

DEOD SUMMARY

QUALITY MANAGEMENT CONSULTANT (QMC) / PS54007

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 22% Disadvantaged Business Enterprise (DBE) goal for this Task Order Contract. PQM, Inc. (a DBE Prime) made a 32% DBE commitment for this Task Order Contract.

In response to a specific Task Order request with a defined scope of work, the prime contractor will be required to identify DBE subcontractor activity and actual dollar value commitments for that Task Order. Overall DBE achievement in meeting the commitment will be determined based on the cumulative DBE participation of all Task Orders awarded.

Metro Project Managers and Contract Administrators will work in conjunction with DEOD to ensure that PQM, Inc is on schedule to meet or exceed its DBE commitments. Accordingly, access has been provided to Metro’s tracking and monitoring system to key stakeholders over the contract to ensure that all parties are actively tracking Small Business progress.

| | | | |
|----------------------------|----------------|----------------------------------|----------------|
| Small Business Goal | DBE 22% | Small Business Commitment | DBE 32% |
|----------------------------|----------------|----------------------------------|----------------|

| | DBE Prime/Subcontractors | Ethnicity | % Committed |
|----|---------------------------------|---------------------|--------------------|
| 1. | PQM, Inc. (PRIME) | Non-Minority Female | TBD |
| 2. | System Consulting, LLC | African American | TBD |
| 3. | NSI Engineering, Inc. | Non-Minority Female | TBD |
| | Total DBE Commitment | | 32% |

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. All Subcontractors Included with Recommended Contractor’s Proposal

| | Subcontractor | Services Provided |
|----|------------------------------------|-------------------------------|
| 1. | Parsons Transportation Corp., Inc. | Quality Management Consulting |
| 2. | Systems Consulting LLC | QMO Support |
| 3. | NSI Engineering, Inc. | Quality Management Consulting |

E. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.