

Metro

*Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA*



Agenda - Final

Thursday, September 21, 2017

11:30 AM

**One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room**

Executive Management Committee

Eric Garcetti, Chair

Sheila Kuehl, Vice Chair

James Butts, 2nd Vice Chair

Jacquelyn Dupont-Walker

John Fasana

Mark Ridley-Thomas

Carrie Bowen, non-voting member

Phillip A. Washington, Chief Executive Officer

METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES
(ALSO APPLIES TO BOARD COMMITTEES)

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A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

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- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

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NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER**ROLL CALL****APPROVE Consent Calendar Item: 39.**

Consent Calendar Items are approved by one motion unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR**39. SUBJECT: METRO VIDEO BENCH**[2017-0557](#)**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD four-year, fixed unit rate bench Contract Nos. PS40129001 through PS40129010, with the firms listed in Attachment A, for video production services, for a not-to-exceed amount of \$2,900,000, effective October 1, 2017, through September 30, 2021; subject to resolution of protest(s), if any;
- B. EXECUTE Task Orders, on a rotational basis, under these Contracts for video production services in a total amount not-to-exceed \$2,900,000; and
- C. AUTHORIZE the option to exercise the standard 10% contract authority modification, which in this case would allow an additional \$290,000 for a total contract allowance of up to \$3,190,000.

Attachments: [Attachment A - Procurement Summary](#)
 [Attachment B - DEOD Summary](#)

NON-CONSENT**40. SUBJECT: STATE AND FEDERAL TRANSPORTATION FUNDING PROGRAMS**[2017-0546](#)**RECOMMENDATION**

RECEIVE AND FILE the state and federal transportation funding program evaluative criteria framework to implement Metro's adopted plans and programs.

Attachments: [Attachment A - Federal and State Programs Schedule](#)
[Attachment B - Opportunities to Implement Measure M Briefing Book](#)
[Attachment C - Presentation](#)

41. SUBJECT: ORAL REPORT ON SMALL BUSINESS PROGRAMS [2017-0599](#)

RECOMMENDATION

RECEIVE and File oral report by the Chief Vendor/Contract Management Officer on the agency's small business initiatives.

36. SUBJECT: PROJECT LABOR AGREEMENT/CONSTRUCTION CAREERS POLICY (PLA/CCP) REPORT (DATA THROUGH JUNE 2017), AND 12-MONTH PILOT LOCAL HIRE INITIATIVE [2017-0511](#)

RECOMMENDATION

RECEIVE AND FILE status update on the Project Labor Agreement and Construction Careers Policy programs through the quarter ending June 2017.

Attachments: [PLA CCP Report Data through June 2017](#)

(ALSO ON CONSTRUCTION COMMITTEE)

42. SUBJECT: MEASURE M PROJECT ACCELERATION/DECELERATION FACTORS AND EVALUATION PROCESS [2017-0596](#)

RECOMMENDATION

RECEIVE AND FILE the Draft Measure M Project Acceleration/Deceleration Factors and Evaluation Process outlined in Attachment A.

Attachments: [ATTACHMENT A - Draft Project Acceleration Deceleration Factors and Evaluation Process](#)
[ATTACHMENT B - Presentation](#)

43. SUBJECT: STATE AND FEDERAL REPORT [2017-0583](#)

RECOMMENDATION

RECEIVE AND FILE State and Federal Legislative Report.

44. SUBJECT: TRANSPORTATION BUSINESS ADVISORY COUNCIL APPOINTMENTS [2017-0564](#)

RECOMMENDATION

CONSIDER:

- A. APPOINTING three (3) new business organizations to the Transportation Business Advisory Council; and

B. RECEIVING oral update from Transportation Business Advisory Council.

47. **SUBJECT: INFRASTRUCTURE FOR REBUILDING AMERICA (INFRA) FEDERAL COMPETITIVE GRANT PROGRAM** [2017-0608](#)

RECOMMENDATION

RECEIVE AND FILE report on the candidate projects to be submitted for the FY 2018 INFRA competitive grant program.

Attachments: [Attachment A -- Evaluative Criteria Framework for INFRA](#)
[Attachment B -- Measure M Expenditure Plan Evaluation Methodology](#)
[Attachment C - Presentation](#)

48. **SUBJECT: STREAMLINING AUDITS FOR SMALL BUSINESSES** [2017-0590](#)

RECOMMENDATION

RECEIVE AND FILE report on streamlining audits for small businesses.

Attachments: [Attachment A - VCM Audit Requirements](#)
[Attachment B - MAS Audit Practices](#)

Adjournment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

**Board Report**

File #: 2017-0557, **File Type:** Contract**Agenda Number:** 39.

**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 21, 2017****SUBJECT: METRO VIDEO BENCH****ACTION: AWARD BENCH CONTRACTS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD four-year, fixed unit rate bench Contract Nos. PS40129001 through PS40129010, with the firms listed in Attachment A, for video production services, for a not-to-exceed amount of \$2,900,000, effective October 1, 2017, through September 30, 2021; subject to resolution of protest(s), if any;
- B. EXECUTE Task Orders, on a rotational basis, under these Contracts for video production services in a total amount not-to-exceed \$2,900,000; and
- C. AUTHORIZE the option to exercise the standard 10% contract authority modification, which in this case would allow an additional \$290,000 for a total contract allowance of up to \$3,190,000.

ISSUE

Metro's Marketing Department produces public-facing information toward the goals of increasing ridership, improving the customer experience and informing the public about all of the agency's projects and programs. Housed in the Communications Division, the Marketing Department has traditionally used a bench of small business video production firms to supplement staff capacity in this area. As video becomes increasingly important in the digital space, staff seeks to award its small business video production bench contract in a larger amount than in the past. This larger video bench contract gives Metro the capacity to produce a greater volume of video content, assisting marketing efforts to have a greater impact. To allow the agency to produce videos tailored to the agency's increasingly sophisticated digital advertising placements, social media targeting and web/mobile presence, staff recommends awarding bench contracts to 10 video production firms:

- ALAS Media
- Anti-Villain dba Heritage Tree
- Bubba's Chop Shop
- CivilEarth

- Conceptive
- The Department of the 4th Dimension
- Friendly Filmworks
- Lux Virtual
- Producto Studios
- Triplane Film + Video

DISCUSSION

Through a small-business set aside procurement, staff identified the recommended small business video production firms as possessing necessary competencies to produce video content that can assist the department in pursuing the agency's marketing communication goals. Similar to past video bench procurements, the selected firms' competencies build on Metro Communications' current in-house production abilities, providing additional capacity and proficiencies.

Staff evaluators have verified these contractors' skills in producing digital ad units, and video content to enhance information on the agency's website, blog and social media channels - all of which are growing their levels of public engagement.

Considerations

Continuing to structure Metro's video capacity with a stable pool of contractors, as recommended, builds on existing in-house video production capabilities with a flexible arrangement that will allow for more production activity and larger-scale productions only as needed. Contracting with multiple small businesses allows Metro to leverage the plentiful talent from the entertainment industry, without commitment of full-time staff or purchased equipment. Metro Communications Marketing strategic marketing plan recognizes the growing role of video in the digital space and award of these Contracts helps position the department to better implement this plan.

DETERMINATION OF SAFETY IMPACT

Contractors may be required to shoot footage on Metro property if the scope of a project warrants it. Staff will continue to follow all Metro safety requirements, including rail safety training for contractors and coordinating all shoots through established protocols.

FINANCIAL IMPACT

The Marketing Department has budgeted \$250,000 in FY18 for video production under this contract. Because this is a multi-year contract, the Chief Communications Officer will be responsible for budgeting funds for video production in future years.

Impact to Budget

Funding for video production costs will parallel allocated project funding and may include sources like fares, transportation sales taxes, federal and state funds. The impact will vary year-to-year based on project and advertising budgets to support Metro programs and initiatives.

In FY18, Marketing has allocated \$250,000 for video production within its professional and technical services budget (Public Affairs: Project 306005, Task 01.002, Account 50316 Professional and Technical Services):

- Blue Line: Project 300022, Task 22.8.01, Account 50316 Professional and Technical Services
- Green Line: Project 300033, Task 33.8.01, Account 50316 Professional and Technical Services
- Red Line: Project 300044, Task 44.8.01, Account 50316 Professional and Technical Services
- Gold Line: Project 300055, Task 55.8.01, Account 50316 Professional and Technical Services
- Expo Line: Project 300066, Task 01.01, Account 50316 Professional and Technical Services

ALTERNATIVES CONSIDERED

Alternatives to Board approval include building an in-house video production team, which would require four additional full-time employees with expertise in video production and ongoing procurement of professional-level video production equipment, editing computers and software, as well as potential rental space to house all of it. This route would also require Metro to continually purchase new equipment, as technology is rapidly changing, to remain competitive. Furthermore, the agency would not be able to benefit from learnings and experience that outside video producers bring from working on a variety of high-concept productions outside of Metro.

NEXT STEPS

Upon Board approval, staff will execute these video bench contracts, with task orders will be awarded on a rotational as needed basis.

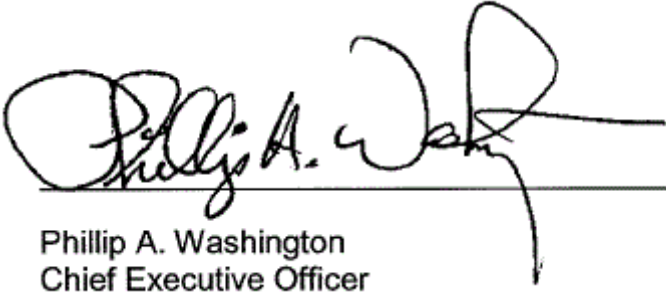
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Ana Vallianatos, Senior Marketing and Communications Officer, (213) 922-2248

Reviewed by: Glen Becerra, DEO, Communications (213) 418-3264
Pauletta Tonilas, Chief Communications Officer, (213) 922-3777
Debra Avila, Chief Vendor/Contract Management Officer,
(213) 418-3051



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

METRO VIDEO BENCH / PS40129000

1.	Contract Numbers: PS40129001-010	
2.	Recommended Vendors: ALAS Media; Anti-Villain LLC DBA Heritage Tree Films; Bubba's Chop Shop; CivilEarth; Conceptive; The Department of the 4 th Dimension; Friendly Filmworks; Lux Virtual, LLC; Producto Studios; Triplane Film + Video	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> RFP <input type="checkbox"/> IFB <input type="checkbox"/> IFB-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: April 4, 2017	
	B. Advertised/Publicized: April 10, 2017	
	C. Pre-proposal Conference: April 17, 2017	
	D. Proposals Due: May 4, 2017	
	E. Pre-Qualification Completed: August 18, 2017	
	F. Conflict of Interest Form Submitted to Ethics: July 20, 2017	
	G. Protest Period End Date: September 25, 2017	
5.	Solicitations Picked up/Downloaded: 31	Proposals Received: 16
6.	Contract Administrator: Antwaun Boykin	Telephone Number: (213) 922-1056
7.	Project Manager: Ana Vallianatos	Telephone Number: (213) 922-2248

A. Procurement Background

This Board Action is to approve the award of bench Contracts Nos. PS40129001 through PS401290010 issued in support of video production services for Metro Communications Marketing Department for a four-year term. The Contracts will be effective October 1, 2017 with a cumulative total amount not-to-exceed \$2,900,000. The Project Manager will issue tasks orders on an as-needed rotational basis to the firms on the bench to allow work opportunities for all firms.

A Small Business Enterprise Set-Aside Request for Proposals (RFP) No. PS40129 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate IDIQ.

One amendment was issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on April 18, 2017 provided documents from the pre-proposal conference.

A total of 16 proposals were received on the due date of May 4, 2017.

B. Evaluation of Proposal

A total of 16 proposers responded to this solicitation. The firms are listed below in alphabetical order:

1. ALAS Media

2. Anti-Villain dba Heritage Tree
3. Boatright-Simon Picture+Sound
4. Bubba's Chop Shop
5. CivilEarth
6. Conceptive
7. Dakota Communications
8. The Department of the 4th Dimension
9. Friendly Filmworks
10. Lux Virtual
11. Media Arts LLC
12. Producto Studios
13. Triplane Film + Video
14. Two Hundred, Inc.
15. We Are Vision Inc.
16. Zeldesign

A Proposal Evaluation Team (PET) consisting of staff from Metro Communications Marketing was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated to determine if they are technically acceptable based on the criteria stated in the RFP:

- A. Degree Of The Proposer's Experience
- B. Degree Of The Proposer's Skills
- C. Understanding Of Work

Proposers were also required to submit sample videos for the various video production categories for evaluation. Proposers were allowed to propose and submit sample videos for any category of their choosing. The categories are as follows:

1. Video Ad Unit
2. Instructional
3. Webisode
4. Documentary or News Magazine
5. Corporate Video
6. Compilation or Sizzle Reel

On May 4, 2017, the members of the PET were given copies of all written technical proposals to begin their evaluation. On May 12, 2017, the PET met to watch and evaluate all submitted sample videos. Finally, on May 30, 2017, the PET met again for final determination of technically acceptable in the categories included in the RFP. Ten firms were determined to be responsive, responsible, and technically qualified to perform the services based on the RFP's requirements.

Of the sixteen proposals received, ten were determined to be technically acceptable to provide video services under bench contracts. Proposers were evaluated and selected based on the following technically acceptable criteria outlined in the RFP: Degree of the

Proposer's Experience, Degree of Proposer's Skills and Understanding of Work. As this RFP was issued as a Small Business Set Aside, all recommended firms are SBE certified. They are listed below in alphabetical order:

No.	Contract No.	Firm	Evaluation
1	PS40129001	ALAS Media	Technically acceptable
2	PS40129002	Anti-Villain dba Heritage Tree	Technically acceptable
3	PS40129003	Bubba's Chop Shop	Technically acceptable
4	PS40129004	CivilEarth	Technically acceptable
5	PS40129005	Conceptive	Technically acceptable
6	PS40129006	The Department of the 4th Dimension	Technically acceptable
7	PS40129007	Friendly Filmworks	Technically acceptable
8	PS40129008	Lux Virtual	Technically acceptable
9	PS40129009	Producto Studios	Technically acceptable
10	PS401290010	Triplane Film + Video	Technically acceptable

Qualifications Summary of Firms:

ALAS Media

ALAS Media is a San Fernando-based video production company with over nine years of globally recognized experience helping organizations and companies find, cultivate and share their stories. They offer complete video production services and specialize in marketing, documentary and corporate video. ALAS Media has created marketing videos for businesses, schools and education organizations, corporate training videos, fundraising videos for non-profits and event coverage for domestic and international clients.

Anti-Villain LLC DBA Heritage Tree Films

Heritage Tree Films is a production company based in South Los Angeles that produces quality video products for a clientele that requires stylized videos and video related products. With a modern approach and unique niche for storytelling, Heritage Tree Films has satisfied clients with their quality video production work. Heritage Tree Films has youthful, yet experienced, management and production teams that work to ensure quality video production. Heritage Tree Films centers itself around three core values: innovative products, high quality products, and affordable price points.

Bubba's Chop Shop

Bubba's in-house team is proficient in a multitude of areas of video production and marketing strategy. Based in Van Nuys, the team also brings to every project diverse perspectives, as staff comes from various backgrounds in front of and behind the camera. Bubba's Chief Executive Officer and Executive Producer is the founder of Bubba's Chop Shop. He has worked in various roles in the film industry for more than 15 years with a primary focus on

film editing. He is currently enrolled in Goldman Sachs' prestigious 10,000 Small Businesses Program, focused on helping entrepreneurs create jobs and economic opportunity by providing greater access to education, capital, and business support services. Bubba's Chop Shop has grown significantly since its launch in 2012, having worked with some of the most recognizable brands and organizations.

CivilEarth

CivilEarth consists of members from multi-discipline professional services, including video production firm located in North Orange County, CA with a field office in Los Angeles County as well. The company utilizes individuals of various technical and professional backgrounds. The founder began providing civil engineering services 30 years ago for development companies in Orange County. Through the years of continuing successful client relationship, it has evolved into a multi-discipline full service company offering professional services, including video production, throughout the western US.

Conceptive

Conceptive is a branded entertainment firm that focuses on producing non-traditional advertising, video-based infotainment, and branded entertainment that involves and embraces customers. They are entertainment industry veterans who create broadcast television quality programming out of their office in Sherman Oaks. Their technological expertise allows them to do so at a limited cost. Companies like Toys "R" Us, Nestle Foods, and ESPN have welcomed Conceptive's creative approach.

The Department of the 4th Dimension (The D4D)

Based in Los Angeles' Arts District, the D4D is a multidimensional storytelling company and an award winning creative agency made of equal parts strategy, design and content production. Established in 2006, The D4D has been pioneering innovative forms of storytelling and content experiences for over a decade. Its integrated team of researchers, strategists, writers, designers, technologists and filmmakers are experts at transforming complex ideas into insightful, human narratives that have connected, entertained and moved audiences all over the world. As a strategic and creative partner to brands and organizations, the firm works across all media to help its clients become more effective, dynamic, and inspiring participants in the cultural conversation.

Friendly Filmworks

Friendly Filmworks run every aspect of productions in-house and their full-service capabilities takes care of the entire process, from preproduction to post-production. Based in northeast Los Angeles, Friendly Filmworks has produced several videos for Metro under the previous video bench. Friendly Filmworks draws on industry professionals to serve client productions. Their approach is hands-on, creative and professional. Friendly Filmworks has a team that is experienced and driven.

Lux Virtual

Lux Virtual, as a Creative Studio, has completed work on IMAX's dream big film, MWD's Virtual Tour of the Colorado River Aqueduct, Hyperloop I One propulsion test animation as well as the nationally recognized Safetyville animation for Metro. Their focus is explaining complex or profound ideas in a straight forward and easy-to-understand way. Based in Culver City, the firm's goal is to utilize our methodologies, technologies, and programs to create videos with high-level graphics that create an added value to video productions. Lux Virtual uses the toolset of Hollywood to tell visual stories that can simplify complex ideas and make them easy to understand. By combining digital filmmaking with motion graphics, animation and virtual reality, Lux Virtual is able to beautifully convey even the most difficult ideas.

Producto Studios

Producto Studios has been providing award winning animated video production, digital design and mobile application design and development for over 17 years. The Redondo Beach-based firm's projects and experience reflect the evolution of technology and its impact on communication for both public sector and private clients. Producto is passionate about delivering great storytelling in the most impactful way delivering great design and functionality for all projects. Producto has a team of animators, designers and programmers to provide client focused media solutions across platforms, software and devices. From concept to beta testing, Producto works as a partner in providing innovative and functional media solutions.

Triplane Film + Video

Triplane Film + Video is a production company and creative design boutique. A California corporation based in Pacific Palisades, DBE AND SBE – and WBENC-certified company, Triplane's recent focus has been on government and education sectors – always mindful of the need to entertain while getting the message across. The firm's Principal-Director-Writer-Shooter-Editor brings to the table a broad range of experience in all areas of production on a wide variety of film and video projects from features and TV to corporate, educational, docs and music videos.

C. Price Analysis

The recommended fixed unit rates from all firms have been determined to be fair and reasonable based upon adequate competition and a review of historical video labor rates and technical analysis. The Metro ICE for the overall contract value is \$2,900,000. Metro's ICE is based upon historical pricing and past usage of video production services. Each individual task order will comply with all requirements of Metro Acquisition Policy and the terms of the contract.

D. Background on Recommended Contractors

All ten firms listed above are recommended for award. These firms have been evaluated and determined to be qualified to work on Metro assignments on an as-needed, task order basis. Having multiple contracts insures that Metro Communications Marketing will have a

variety of firms to select from for video production services. This will also allow Metro Communications Marketing to work with multiple firms on multiple projects if needed.

DEOD SUMMARY

METRO VIDEO BENCH/PS40129000

A. Small Business Participation

Effective June 2, 2014, per Metro's Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute a Small Business Set-Aside procurement. Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro's website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to **SBE Certified Small Businesses Only**.

All bench participants are SBE primes and have committed to perform 100% of the work with their own workforce. Work throughout these Contracts will be issued on a task order basis as-needed.

SMALL BUSINESS PRIME (SET-ASIDE)

	SBE Primes	SBE % Committed
1.	ALAS Media	100%
2.	Anti-Villain dba Heritage Tree	100%
3.	Bubba's Chop Shop	100%
4.	CivilEarth	100%
5.	Conceptive	100%
6.	The Department of the 4th Dimension	100%
7.	Friendly Filmworks	100%
8.	Lux Virtual	100%
9.	Producto Studios	100%
10.	Triplane Film + Video	100%
	Total Commitment	100%

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) is not applicable to these Contracts.

C. Prevailing Wage Applicability

Prevailing wages are not applicable to these Contracts.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to these Contracts.

**Board Report**

File #: 2017-0546, **File Type:** Policy**Agenda Number:** 40.

**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 20, 2017****SUBJECT: STATE AND FEDERAL TRANSPORTATION FUNDING PROGRAMS****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE the state and federal transportation funding program evaluative criteria framework to implement Metro's adopted plans and programs.

ISSUE

The recent state approval of Senate Bill 1 (SB-1), the Road Repair and Accountability Act of 2017, presents Metro with new and expanded funding opportunities that will play an important role in our ability to implement Measure M and the Board's priority projects and programs. In recognition that these state and other federal funds will be distributed through a combination of competitive and formula programs, an evaluative framework will be necessary to guide program specific criteria and competitive project selection. This framework will allow Metro to be competitive in securing available funding and will support the implementation and sustainment of the Measure M expenditure plan along with other Board priorities.

DISCUSSION

With the passage of Measure M in November 2016, LA Metro is committed to the implementation of a \$120 billion expenditure plan of capital, operating and maintenance projects over the next 40 years that will transform the transportation system across Los Angeles County. This commitment adds to other Metro priorities adopted by the Metro Board prior to the passage of Measure M including the 2009 Long Range Transportation Plan (LRTP) and Measure R. As part of the full funding plan for Measure M, Measure R, and the 2009 LRTP, Metro staff has assumed both state and federal formula and competitive funding consistent with historic programs, funding levels and Metro's ability to leverage them.

The recent state approval of SB-1 presents Metro with the opportunity to begin realizing these planned funds. SB-1 is estimated to provide approximately \$5 billion annually in new and expanded funding programs. In recognition that these state and other federal funds will be distributed through a combination of competitive and formula programs, an evaluative framework will be necessary to guide program specific criteria and competitive project selection. This framework will allow Metro to

be competitive in securing available funding and will support the implementation and sustainment of the Measure M expenditure plan along with other Board priorities. The objectives of this framework are as follows:

1. Establish consistent parameters to guide program-specific criteria;
2. Advance Metro's competitive advantage in securing funding; and
3. Implement Measure M and Board priorities

Evaluative Criteria Framework

The proposed evaluative criteria framework to guide Metro investment decisions for new and expanded state and federal funding includes six project assessment parameters:

1. *Sustain Measure M and other Pre-Measure M/LRTP Priorities and Schedules*

With its passage in November 2016, Measure M encompasses Metro's largest single policy objective over the next 40 years. In combination with \$52 billion in direct Measure M revenues, the expenditure plan identifies over \$40 billion in other local, state, and federal funds required to fully fund the major transit and highway capital projects along with the multiyear subregional capital programs. As Metro moves forward with the implementation of the Measure M program, staff is confident that these prior assumptions of other local, state, and federal revenues can effectively be realized; however, it is imperative that funding opportunities presented in SB-1 and other federal discretionary programs be committed to do so. The commitment of SB-1 formula and discretionary grant funds to these existing priorities will ensure Metro is able to sustain Measure M and the other pre-Measure M projects and schedules.

2. *Match Competitiveness of Projects to New/Expanded Programs Criteria*

As candidate projects are considered for new and expanded state and federal funding programs, it is important to recognize that other state and federal agencies adopt the guidelines that determine what projects will be eligible and ultimately most competitive for applications. While Metro staff is actively participating in the guidelines development process for all SB-1 programs to support identified Metro priorities, the adopted guidelines will emphasize state goals that SB-1 will incentivize through competitive funding awards. With the higher share of funding in SB-1 going to capital projects through competitive versus formula programs, there will be increased levels of competition that require highly competitive projects to secure the maximum share of funding for Los Angeles County to support the implementation of Measure M and Board priorities. One immediate example is project readiness to meet aggressive state delivery schedules to publicize the benefits of SB-1 investments. As program guidelines are adopted, Metro staff will need the opportunity to review application criteria to identify projects that are not only eligible, but highly competitive for funding.

3. *Certainty (Formula) vs. Risk (Competitive/Discretionary)*

The difference in risk between investing formula funds and securing discretionary grant funds requires strategic decisions to support individual projects and overall program delivery. Metro has sought discretionary funds for competitive capital projects that can tolerate risk for delivery. This

tolerance can include longer timelines to realize funding as a project progresses through project development. Metro has employed formula funds for projects that are not competitive or have delivery risk that is incompatible with uncertainty inherent in discretionary program awards. Examples of these projects and programs include operations, safety and state of good repair activities as well as advanced project development activities for projects that are not ready for construction within the funding period of a discretionary program. These advanced project development activities can be important to develop a pipeline of projects to compete in future discretionary programs.

4. *Geographic Balance*

Measure M created a structure for geographic balance in both total funding and the schedules of funding availability across the entire 40-year program including the establishment of subregional capital programming targets. The management of this geographic balance was further addressed through provisions to manage project cost increases within subregions and ensure no negative impacts to other project schedules if any project is accelerated before its identified funding availability schedule. As actual competitive funding is pursued through discretionary state and federal programs, geographic balance is not always achievable within each grant cycle or each grant program due to the status of individual projects or their competitiveness in individual grant programs. Similar to Measure M this type of geographic balance will be achieved over the entire program portfolio and over multiple discretionary program cycles.

5. *Consistency with Board Policies and Directives*

In addition to specific projects identified in Measure M, Measure R and the 2009 LRTP, the Metro Board has expressed or adopted plans and policies for other interests over time. For example, the Board has adopted policies regarding first/last mile connections to transit stations and an ExpressLanes Strategic Plan. Other future Board interests will include but not be limited to the pending Goods Movement Strategic Plan and Zero Emissions Bus Strategy. Consistency with these types of Board interests and policies will be considered as staff brings forward candidate projects for eligible discretionary programs such as the Active Transportation Program (First/Last Mile), the Solutions for Congested Corridors Program (ExpressLanes) and the Trade Corridor Enhancement Program (Goods Movement).

6. *Consistency with Metro Long Range Transportation Plan (LRTP) and SCAG Regional Transportation Plan (RTP)*

Developed and adopted by the Southern California Association of Governments (SCAG) as the Metropolitan Planning Organization (MPO) for the six-county region, the Regional Transportation Plan (RTP) is a state- and federally-mandated planning document that substantiates the financial constraint, air quality conformity and greenhouse gas (GHG) emissions of individual projects at the regional program level. Consistency with the RTP has been a standard requirement for both formula and discretionary funding programs at the state and federal levels. This consistency is being expanded through SB-1 to specifically include the Sustainable Communities Strategy which addresses the region's ability to meet state mandated GHG emission reduction targets. SCAG updates the RTP every four years and provides periodic opportunities for amendments to add new or

change existing projects. The Measure M expenditure plan is currently being amended into the 2016 RTP for new projects and delivery schedules as needed.

As Metro's long range planning document that feeds into the SCAG RTP, the 2009 LRTP-as updated to reflect Measure M-will also serve as a defining project assessment parameter to ensure that Metro's effort to secure funding from state and federal programs fulfills the priorities committed through the Measure M Expenditure Plan and adopted by the Board.

DETERMINATION OF SAFETY IMPACT

The recommendations in this report will not have any adverse safety impacts on employees and patrons.

FINANCIAL IMPACT

Developing a sound policy framework for addressing federal and state grant opportunities is an essential part of the strategy to maximize funding for Los Angeles County and fully implement Measure M, Measure R and the LRTP.

Impact to Budget

Approving the staff recommendations will have no impact on the FY 2018 Budget. Funds obtained through following an optimal strategy to address state and federal funding opportunities will offset the projected need for non-sales tax resources to implement Measure M, Measure R, the LRTP, and other prior funding commitments.

NEXT STEPS

Staff anticipates the following actions over the current fiscal year as we develop and execute a strategy to maximize the state and federal resources for implementation of Metro's adopted plans and programs.

State:

- October 2017 - February 2018: CTC adopts program guidelines
- October 2017 - June 2018: CTC adopts program of projects
- December 2017 - 2018 Regional Transportation Improvement Program (RTIP) submittal deadline
- December 2017 - June 2018: Metro staff returns with information on project and grant identification process

Federal:

- October 16, 2017 - TIGER application deadline
- November 2, 2017 - INFRA application deadline
- 2018: Secure Full Funding Grant Agreement for Westside Subway Extension Section 3

ATTACHMENTS

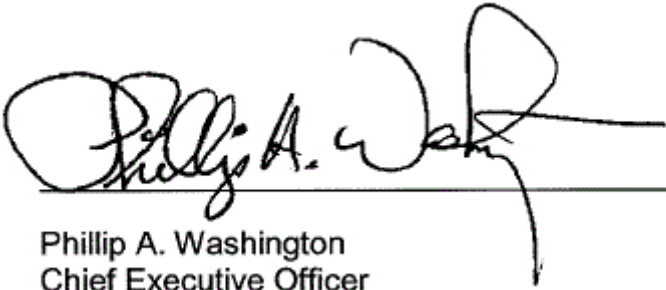
Attachment A - Federal and State (Road Repair and Accountability Act of 2017 - SB-1) Programs Schedule

Attachment B - Opportunities to Implement Measure M through New and Expanded State and Federal Transportation Funding Programs - Briefing Book web link

Prepared by: Patricia Chen, Senior Director, Countywide Planning & Development, (213) 922-3041
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Phillip A. Washington
Chief Executive Officer

Federal and State (Road Repair and Accountability Act of 2017 - SB-1) Programs Schedule

Ln	Program	Fiscal Year 16-17		Fiscal Year 2017-18											
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	2017 Active Transportation Program (ATP) Augmentation		◇		□		○		○						
2	Local Planning Grants					◇	□		○						
3	Infrastructure For Rebuilding America (INFRA) ¹		◇					□			○				
4	National Infrastructure Investments Program (TIGER) ¹					◇	□					○			
5	2018 State Transportation Improvement Program (STIP)				◇				□			○			
6	Transit Intercity Rail Capital Program (TIRCP)						◇			□			○		
7	Solutions for Congested Corridors Program								◇		□			○	
8	Trade Corridors Enhancement Account (TCEA)									◇		□		○	
9	Local Partnership Program						◇					□			○
10	2019 ATP (Cycle 4) ¹											◇			□
11	New Starts ²												○		
12	Advanced Mitigation	TBD													
13	Commuter and Intercity Rail														
14	Transit SOGR														
15	Freeway Service Patrol														
16	Workforce Development														

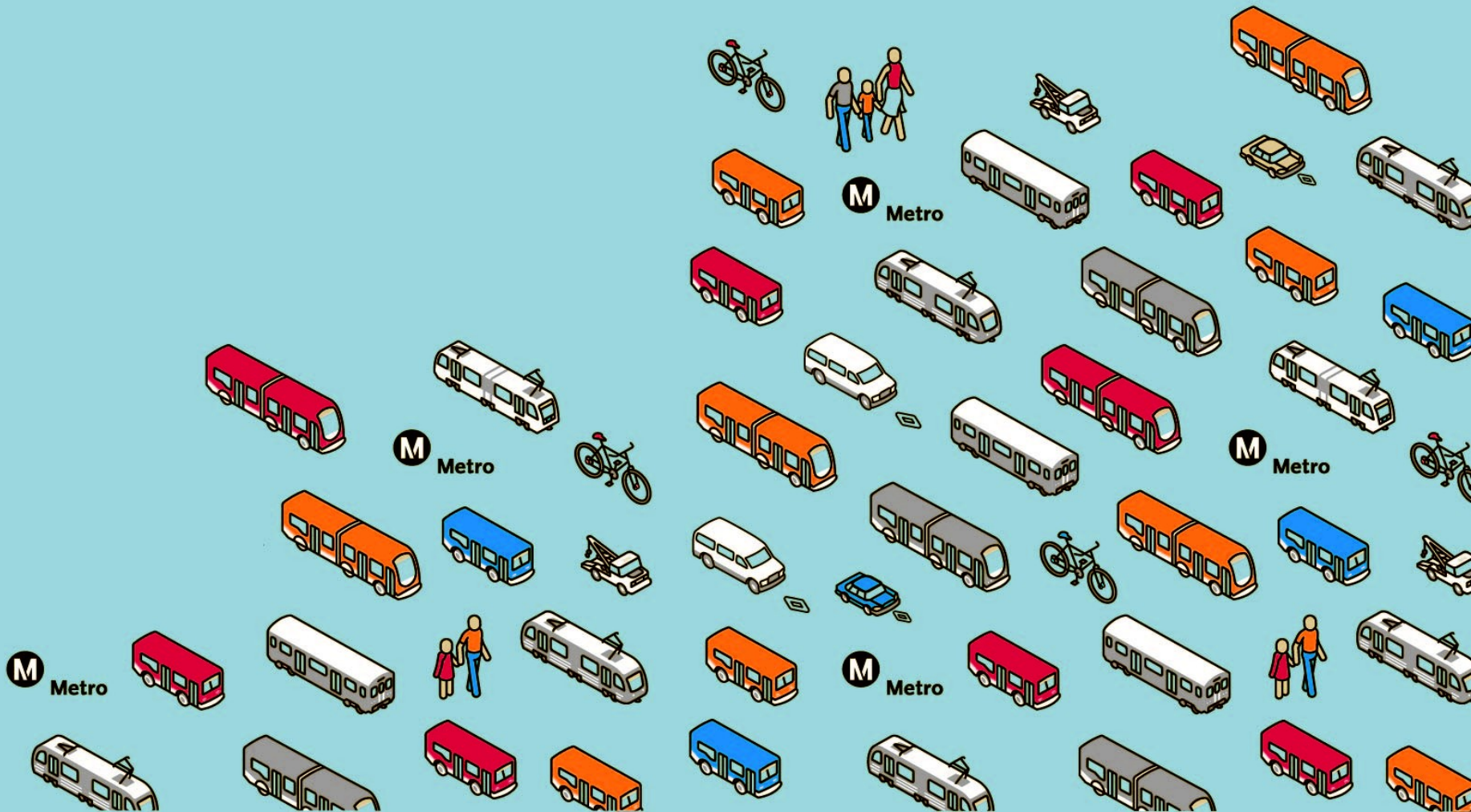
Notes

- 1) Schedule is based on past cycles' schedules
- 2) Westside Subway Extension Section 3
- = Guidelines process
- = Application process
- ◇ = Guidelines adoption/Notice of Funding Opportunity
- = Application/Submittal
- = Adoption/Award/Full Funding Grant Agreement

Opportunities to Implement Measure M through New and Expanded State and Federal Transportation Funding Programs - Briefing Book web link:

https://media.metro.net/projects_studies/funding/images/Attachment_B_Opportunities_to_Implement_Measure_M_Briefing_Book.pdf

IMPLEMENTING MEASURE M: Update on State and Federal Transportation Funding Programs Evaluative Criteria Framework for Investment Decisions



Update: State and Federal Transportation Funding Programs

Rationale

- SB-1 provides new, non-sunsetting revenue opportunities to leverage, sustain, and deliver Measure M priorities
- An evaluative criteria framework for each funding category is essential to guide Metro's efforts to secure funding from SB-1
- Framework can also be used for other state and federal funding opportunities



Update: State and Federal Transportation Funding Programs

STATE

- SB-1 enacted April 2017
 - Approximately \$5 billion annually, statewide
 - New programs – multimodal
 - Significant funds for goods movement
 - New funds for existing programs:
 - Active Transportation Program (ATP)
 - State Transportation Improvement Program (STIP)
 - Transit and Intercity Rail Capital Program (TIRCP)
 - State Transit Assistance (STA)



Update: State and Federal Transportation Funding Programs

STATE (cont.)

- SB-1
 - Most programs augment or modify existing program structures
 - New: Solutions for Congested Corridors program
 - Aggressive program roll-out schedules
 - Goal: \$5.9 billion over first 10 years
 - Formula share programs -- \$2.5 B
 - Competitive programs -- \$3.4 B
- Cap and Trade extension bill signed



Update: State and Federal Transportation Funding Programs

FEDERAL

- **INFRA** (Infrastructure for Rebuilding America)
 - Rebranded FASTLANE program
 - Current program worth approximately \$1.5 billion
 - Applications due November 2, 2017
- **TIGER** (Transportation Investment Generating Economic Recovery)
 - FY 17 funding level: \$500 million
 - Applications due October 16, 2017
- **New Starts**
 - FY 18: Administration: \$0 / House: \$1.7 B / Senate: \$2.1 B
 - Final FY 18 funding: Subject to congressional action (Fall 2017)



Evaluative Criteria Framework

to Guide Investment Decisions

Framework Objectives

- Establish consistent parameters to guide program-specific criteria
- Advance Metro's competitive advantage in securing funding
- Implement Measure M and Board priorities



Evaluative Criteria Framework

to Guide Investment Decisions

Project Assessment Parameters

- Sustain Measure M and other Pre-Measure M / LRTP priorities and schedules
 - Identify Measure M expenditure plan/pre-Measure M commitments that are eligible for competition as priority consideration
- Match projects to new/expanded programs criteria
 - Guidelines adopted by CTC, USDOT will determine competitive projects
 - Highly competitive state/federal funding environments demand strategic choices



Evaluative Criteria Framework

to Guide Investment Decisions

- Certainty (Formula) vs. Risk (Competitive/Discretionary)
 - Seek discretionary funds for competitive projects that can tolerate risk for delivery
 - Prioritize formula funds for projects with schedule or other risk
- Geographic balance
 - Not always achievable within every program, every cycle
 - Achieve over entire program portfolio
 - Achieve over multiple cycles



Evaluative Criteria Framework

to Guide Investment Decisions

- Consistency with Board policies and directives

For example:

- ExpressLanes Strategic Plan
 - Active Transportation Plan – first mile/last mile
 - Goods Movement Strategic Plan (future)
- Consistency with Metro Long Range Transportation Plan (LRTP) and SCAG Regional Transportation Plan (RTP)
 - State and Federal programming must be consistent with applicable long range transportation plans



Next Steps

Individual State and Federal Programs are scheduled throughout the year:

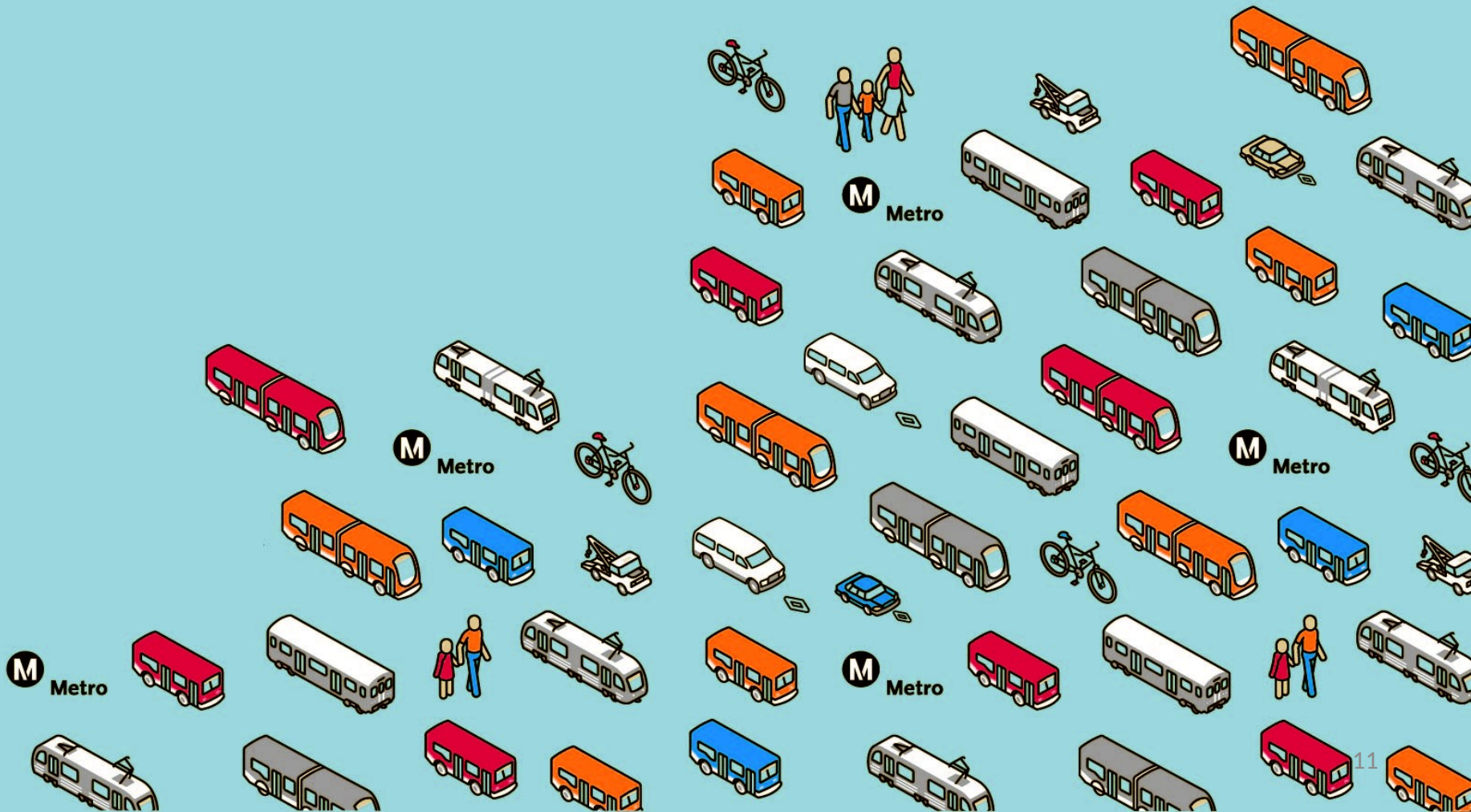
- **CTC adopts SB-1 program guidelines:**
 - October 2017 – February 2018
- **CTC adopts initial cycle of SB-1 programs of projects:**
 - October 2017 – June 2018
- **Submit 2018 Regional Transportation Improvement Program (RTIP)**
 - December 2017
- **Submit applications to federal programs:**
 - TIGER: October 16, 2017 application deadline
 - INFRA: November 2, 2017 application deadline
- **Secure FFGA for Purple Line Segment 3:**
 - 2018



Metro



Thank you



**Board Report**

File #: 2017-0511, **File Type:** Informational Report

Agenda Number: 36.

**CONSTRUCTION COMMITTEE
EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 21, 2017**

**SUBJECT: PROJECT LABOR AGREEMENT/CONSTRUCTION CAREERS POLICY (PLA/CCP)
REPORT (DATA THROUGH JUNE 2017), AND 12-MONTH PILOT LOCAL HIRE INITIATIVE
ACTION: RECEIVE AND FILE**

RECOMMENDATION

RECEIVE AND FILE status update on the Project Labor Agreement and Construction Careers Policy programs through the quarter ending June 2017.

ISSUE

In January 2012, the Board approved the Project Labor Agreement (PLA) with the Los Angeles/Orange Counties Building and Construction Trades Council and the Construction Careers Policy (CCP), with a subsequent renewal in January 2017. One benefit of the PLA is to encourage construction employment and training opportunities in economically disadvantaged areas throughout the United States. Another benefit of the PLA is that work stoppages are prohibited.

Consistent with the Board approved PLA and CCP (PLA/CCP), prime contractors are required to provide Metro with monthly reports detailing progress towards meeting the targeted worker hiring goals. Additionally, consistent with Metro's Labor Compliance policy and federal Executive Order 11246, the prime contractors provide Metro with worker utilization data by ethnicity and gender.

The attached report provides the current status of construction projects subject to the PLA/CCP through June 2017.

DISCUSSION

As of June 2017, there are seven active construction contracts and thirteen completed construction contracts with the PLA/CCP program requirements. The following is updated information regarding the active and completed construction contracts including the female utilization participation, the Pilot Local Hire Initiative and Metro's outreach efforts.

Active Contracts:

As of the report period, the contractors for all seven active construction projects are exceeding the

40% Targeted Worker goal; four of the seven contractors are exceeding both the 20% Apprentice Worker goal and the 10% Disadvantaged Worker goal. The following table represents the active construction projects.

Project Name:	Prime Contractor:	Targeted Worker Goal (40%)	Apprentice Worker Goal (20%)	Disadvantaged Worker Goal (10%)	Female Utilization Goal (6.90%)	Percentage of Disadvantaged Worker Participation that are in the Criminal Justice System Category *
Crenshaw/LAX Transit Corridor	Walsh/Shea Corridor Constructors	59.40%	21.97%	12.59%	3.25%	37.00%
Regional Connector Transit Corridor	Regional Connector Constructors, JV	58.20%	17.56%	7.72%	2.72%	56.77%
Westside Subway Extension Project, Section 1 – D/B	Skanska-Traylor-Shea, JV	66.58%	16.93%	7.23%	4.50%	61.75%
Metro Blue Line Pedestrian and Swing Gates	Icon-West	60.49%	24.44%	12.22%	0.28%	100.00%
Division 16 Southwestern Yard	Hensel Phelps/Herzog, JV	52.42%	21.21%	11.73%	7.25%	79.70%
MRL Pershing Square Canopy Addition and Escalator Replacements	Clark Construction, LLC	50.31%	35.74%	14.19%	1.22%	85.39%
Patsaouras Plaza Busway Station	OHL-USA, Inc.	53.64%	2.69%	3.15%	3.50%	0.00%

Please refer to the attached PLA/CCP Data Report for additional information on each project.

*Part of Metro’s PLA/CCP workforce requirement is the utilization of disadvantaged workers on projects. One of the nine criteria for a Disadvantaged Worker is having a criminal record or other involvement with the criminal justice system. The data shown in the table above (last column) is the percentage of Disadvantaged Workers (based on hours worked) that have criminal records or involvement with the criminal justice system that have worked or are still working on Metro’s PLA/CCP projects.

Crenshaw/LAX Transit Corridor
Prime: Walsh/Shea Corridor Constructors

The Crenshaw/LAX Transit Corridor project Contractor has completed 78.28% of the estimated construction work hours for this project. The Contractor is currently exceeding the Targeted Worker goal at 59.40%, Apprentice Worker Goal at 21.97%, Disadvantaged Worker goal at 12.59% and the minority participation percentage goals; however, the Contractor is not meeting the 6.90% Female Participation goal at 3.25%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours.

The Contractor has met the PLA/CCP workforce provisions for this reporting cycle.

Regional Connector Transit Corridor

Prime: Regional Connector Constructors, Joint Venture

The Regional Connector Transit Corridor project Contractor has completed 25.30% of the estimated construction work hours for this project. The Contractor is currently exceeding the Targeted Worker goal at 58.20% and the minority participation percentage goals; however, the Contractor is not meeting the 20% Apprentice Worker goal at 17.56%, the 10% Disadvantaged Worker goal at 7.72% or the 6.90% Female Participation goal at 2.72%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours.

The Contractor is currently in the process of updating its Employment Hiring Plan (EHP) to address compliance with the PLA/CCP workforce goals. Staff will continue to monitor the Contractor's EHP and work closely with the Contractor towards meeting all worker goals for this project.

Westside Subway Extension Project, Section 1 Design-Build

Prime: Skanska-Traylor-Shea, a Joint Venture (STS)

The Westside Subway Extension Project, Section 1 project Contractor has completed 18.37% of the estimated construction work hours for this project. The Contractor is currently exceeding the Targeted Worker goal at 66.58% and the minority participation percentage goals; however, the Contractor is not meeting the 20% Apprentice Worker goal at 16.93%, the 10% Disadvantaged Worker goal at 7.23% or the 6.90% Female Participation goal at 4.50%. The attainment for the 20% Apprentice Worker is based on total apprenticeable hours.

The Contractor has submitted an EHP which outlines compliance with meeting the PLA/CCP workforce goals Mid-2018. Staff will continue to monitor the Contractor's EHP and work closely with the Contractor towards meeting all worker goals for this project.

Metro Blue Line Pedestrian and Swing Gates

Prime: Icon-West

The Metro Blue Line Pedestrian and Swing Gates project Contractor has completed 93.02% of the estimated construction work hours on this project. The Contractor is currently exceeding the Targeted Worker goal at 60.49%, Apprentice Worker goal at 24.44%, Disadvantaged Worker goal at 12.22% and the minority participation percentage goals; however, not meeting the 6.90% Female

Participation goal at 0.28%. The attainment for the 20% Apprentice Worker is based on total apprenticeable hours.

The Contractor has met the PLA/CCP workforce provisions for this reporting cycle.

Division 16 - Southwestern Yard
Prime: Hensel Phelps/Herzog, J.V.

The Division 16 Southwestern Yard project Contractor has completed 20.38% of the estimated construction work hours on this project. The Contractor is currently exceeding the Local Targeted Worker goal at 52.42%, Apprentice Worker goal at 21.21%, Disadvantaged Worker goal at 11.73%, Female Participation goal at 7.25% and the minority participation percentage goals. The attainment for the 20% Apprentice Worker is based on total apprenticeable hours.

The Contractor has met the PLA/CCP workforce provisions for this reporting cycle. This contract falls under the United States Department of Transportation's (U.S. DOT) Local Hire Pilot Program.

MRL Pershing Square Canopy Addition and Escalator Replacement
Prime: Clark Construction, LLP

The MRL Pershing Square Canopy Addition and Escalator Replacement project Contractor has completed 95.34% of the estimated construction work hours on this project. The Contractor is currently exceeding the Targeted Worker goal at 50.31%, Apprentice Worker goal at 35.74%, Disadvantaged Worker goal at 14.19% and the minority participation percentage goals; however, the Contractor is not meeting the 6.90% Female Participation goal at 1.22%. The attainment for the 20% Apprentice Worker is based on total apprenticeable hours.

The Contractor has met the PLA/CCP workforce provisions for this reporting cycle.

Patsaouras Plaza Busway Station
Prime: OHL-USA, Inc.

The Patsaouras Plaza Busway Station project Contractor has completed 20.33% of the estimated construction work hours on this project. The Contractor is currently exceeding the Targeted Worker goal at 53.64% and the minority participation percentage goals; however, the Contractor is not meeting the 20% Apprentice Worker goal at 2.69%, the 10% Disadvantaged Worker goal at 3.15% or the 6.90% Female Participation goal at 3.50%. The attainment for the 20% Apprentice Worker is based on total apprenticeable hours.

The Contractor has submitted an EHP which outlines compliance with meeting the PLA/CCP workforce goals in November 2017. Staff will continue to monitor the Contractor's EHP and work closely with the Contractor towards meeting all worker goals for this project.

Completed Contracts:

Completed Projects:	Prime Contractor:	Targeted Worker Goal (40%)	Apprentice Worker Goal (20%)	Disadvantaged Worker Goal (10%)	Female Utilization Goal (6.90%)	*Percentage of Disadvantaged Workers that are in the Criminal Justice System Category
Crenshaw Advanced Utility Relocation Project	Metro Builders	61.41%	13.84%	21.08%	0.52%	2.90%
Westside Subway Extension Advanced Utility Relocation	Metro Builders	67.47%	11.12%	11.08%	7.48%	0.00%
Westside Subway Exploratory Shaft	Innovative Construction Solutions	50.88%	75.05%	11.23%	0.42%	96.23%
Regional Connector Transit Corridor Adv. Utility Relocation	Pulice Construction	51.61%	21.37%	22.83%	2.57%	28.39%
CNG Emergency Generator Division 7 & 8	Taft Electric	46.42%	25.51%	39.08%	4.68%	39.48%
Division 13 CNG Fueling Facility, Design/Build/Operate	Clean Energy	67.54%	20.17%	60.72%	1.69%	49.48%
Metro Blue Line Stations Refurbishments	S.J. Amoroso	56.01%	26.10%	13.62%	0.48%	28.03%
Westside Extension Project Advanced Utility Relocation (Fairfax Station)	WA Rasic	63.27%	20.61%	19.90%	2.78%	9.24%
Metro Rail Security Kiosks	Icon-West	45.90%	27.06%	20.17%	0.00%	100.00%
Westside Extension Project Advanced Utility Relocation (La Cienega Station)	Bubalo Construction	65.15%	21.76%	20.96%	0.57%	28.10%
MRL/MOL North Hollywood Station West Entrance	Skanska, USA	57.79%	24.28%	15.78%	7.44%	84.26%
Patsaouras Plaza POV Relocation, Pavers and Storm Drain Repair	AP Construction	76.46%	21.26%	42.56%	3.91%	6.48%
Universal City Pedestrian Bridge	Griffith Company	38.33%	27.49%	12.55%	1.57%	48.51%

Please refer to the attached PLA/CCP Data Report for additional information on each project.

Crenshaw Advanced Utility Relocation Project Prime: Metro Builders

The Crenshaw Advanced Utility Relocation project is 100% complete as of September 2014. Final reporting shows the Targeted Worker attainment at 61.41%, Disadvantaged Worker attainment at

21.08% and the minority participation percentage goals were attained; however, the Contractor did not meet the 20% Apprentice Worker goal at 13.84% and the 6.90% Female Participation goal at 0.52%. The attainment for the 20% Apprentice worker goal is based on total apprenticeable hours. Metro staff met with the Contractor in January 2015 and executed liquidated damages for not meeting the apprentice goal for this project. The Contractor complied with Metro's liquidated damages and this issue is closed.

Westside Subway Extension Advanced Utility Relocation
Prime: Metro Builders

The Westside Subway Extension Advanced Utility Relocation project is 100% complete as of October 2014. Final reporting shows the Targeted Worker attainment at 67.47%, Disadvantaged Worker attainment at 11.08%, Female Participation attainment at 7.48% and the minority participation percentage goals were attained; however, the Contractor did not meet the 20% Apprentice Worker goal at 11.12%. The attainment for the 20% Apprentice worker goal is based on total apprenticeable hours. Metro staff met with the Contractor in January 2015 and executed liquidated damages for not meeting the apprentice goal for this project. The Contractor complied with Metro's liquidated damages and this issue is closed.

Westside Subway Exploratory Shaft
Prime: Innovative Construction Solutions (ICS)

The Westside Subway Extension Exploratory Shaft project is 100% complete as of October 2014. Final reporting shows the Targeted Worker attainment at 50.88%, Apprentice Worker attainment at 75.05%, Disadvantaged Worker attainment at 11.23% and the minority participation percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 0.42%. The attainment for the 20% Apprentice worker goal is based on total apprenticeable hours. No labor grievances occurred on this project.

Regional Connector Transit Corridor Advanced Utilities Relocation
Prime: Pulice Construction

The Regional Connector Transit Corridor Advanced Utilities Relocation project was terminated for convenience in April 2015 and is now closed. Final reporting shows the Targeted Worker attainment at 51.61%, Apprentice Worker attainment at 21.37%, Disadvantaged Worker attainment at 22.83% and the minority participation percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 2.57%.

CNG Emergency Generator Division 7 and 8
Prime: Taft Electric

The CNG Emergency Generator Division 7 and 8 project is 100% complete as of May 2015. Final reporting shows the Targeted Worker attainment at 46.42%, Apprentice Worker attainment at 25.51%, Disadvantaged Worker attainment at 39.08% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 4.68%. The attainment for the 20% Apprentice worker goal is based on total apprenticeable hours. No labor

grievances occurred on this project.

Division 13 CNG Fueling Facility, Design/Build/Operate
Prime: Clean Energy

The Division 13 CNG Fueling Facility, Design/Build/Operate project Contractor is 100% complete as of June 2015. Final reporting shows the Targeted Worker attainment at 67.54%, Apprentice Worker attainment at 20.17%, Disadvantaged Worker attainment at 60.72% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 1.69%. The attainment for the 20% Apprentice worker goal is based on total apprenticeable hours. No labor grievances occurred on this project.

Metro Blue Line Station Refurbishments
Prime: S.J. Amoroso

The Metro Blue Line Station Refurbishments project Contractor is 100% complete as of August 2015. Final reporting shows the Targeted Worker attainment at 56.01%, Apprentice Worker attainment at 26.10%, Disadvantaged Worker attainment at 13.62% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 0.48%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours.

Westside Subway Extension Advanced Utility Relocation (Fairfax Station)
Prime: W.A. Rasic

The Westside Subway Extension Advanced Utility Relocation - Fairfax Station project is 100% complete as of December 2015. Final reporting shows the Targeted Worker attainment at 63.27%, Apprentice Worker attainment at 20.61%, Disadvantaged Worker attainment at 19.90% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 2.78%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours.

Metro Rail Security Kiosks
Prime: Icon-West

The Metro Rail Security Kiosks project is 100% complete as of March 2016. Final reporting shows the Targeted Worker attainment at 45.90%, Apprentice Worker attainment at 27.06%, Disadvantaged Worker attainment at 20.17% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 0.00%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours. No labor grievances occurred on this project.

Westside Extension Project Advanced Utility Relocation (La Cienega)

Prime: Bubalo Construction

The Westside Extension Project Advanced Utility Relocation project is 100% completed as of October 2016. Final reporting shows the Targeted Worker attainment at 65.15%, Apprentice Worker attainment at 21.76%, Disadvantaged Worker attainment at 20.96% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 0.57%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours. No labor grievances occurred on this project.

Metro Red Line/Metro Orange Line (MRL/MOL) North Hollywood Station West Entrance

Prime: Skanska

The Metro Red Line/Metro Orange Line (MRL/MOL) North Hollywood Station West Entrance project is 100% completed as of November 2016. Final reporting shows the Targeted Worker attainment at 57.79%, Apprentice Worker attainment at 24.28%, Disadvantaged Worker attainment at 15.78%, Female Participation goal at 7.44% and the minority percentage goals were attained. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours.

Patsaouras Plaza POV Relocation, Pavers and Storm Drain Repairs

Prime: AP Construction

The Patsaouras Plaza Privately-Owned-Vehicle Relocation, Pavers and Storm Drain Repairs project is 100% completed as of April 2017. Final reporting shows the Targeted Worker attainment at 76.46%, Apprentice Worker attainment at 21.26%, Disadvantaged Worker attainment at 42.56% and the minority percentage goals were attained; however, the Contractor did not meet the 6.90% Female Participation goal at 3.91%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours. No labor grievances occurred on this project.

Universal City Pedestrian Bridge

Prime: Griffith Company

The Universal City Pedestrian Bridge project is 100% completed as of June 2017. Final reporting shows the Apprentice Worker attainment at 27.49%, Disadvantaged Worker goal at 12.55% and the minority participation percentage goals were attained; however, the Contractor did not meet the 40% Targeted Worker goal at 38.33% and the 6.90% Female Participation goal at 1.57%. The attainment for the 20% Apprentice Worker goal is based on total apprenticeable hours. Staff executed liquidated damages for not meeting the Targeted Worker goal for this project. The assessed liquidated damages were utilized during negotiations to offset the contractor's claimed additional costs and this issue is closed.

FEMALE UTILIZATION UPDATE:

Provided in the following table is the female utilization participation report on Metro's PLA/CCP projects. As requested by the Board in July 2015, the table reports the number of cumulative female workers on active PLA/CCP projects within the last three months of FY17.

Project Name:	Prime Contractor:	No. of Female Workers April 2017	No. of Female Workers May 2017	No. of Female Workers June 2017
Crenshaw/LAX Transit Corridor	Walsh/Shea Corridor Constructors	103	109	112
Regional Connector Transit Corridor	Regional Connector Constructors, JV	26	26	29
Westside Subway Extension Project, Section 1	Skanska-Traylor-Shea, JV	32	34	39
Metro Blue Line Pedestrian and Swing Gates	Icon-West	2	2	2
Division 16 – Southwestern Yard	Hensel Phelps/Herzog, JV	7	10	12
Metro Red Line Pershing Square Canopy Addition & Escalator Replacement	Clark Construction	4	4	4
Patsaouras Plaza Busway Station	OHL, USA, Inc.	1	1	1

In an effort to increase female participation within Metro's PLA/CCP projects which has averaged 3.34% for all active PLA/CCP projects, staff has coordinated or is currently coordinating the following efforts:

- The Metro "Women Build METRO LA" Committee will conduct the next symposium on the Transportation Industry in the Long Beach area in the early Fall 2017. It focuses on the many opportunities for women in the transportation industry with special focus on the construction trades.

-
- The Committee is working with our partner Women in Non-Traditional Employment Roles (WINTER) to enroll women in their Boot Camp program due to the over 90% placement rate for WINTER graduates.
 - DEOD has established a Women Build METRO LA webpage for women interested in construction careers at Metro.net/wbmla.
 - DEOD's Outreach staff will continue to monitor and support the graduates of the initial boot camp which Metro co-hosted in collaboration with LA Trade Technical College.

Staff will continually report on the WBMLA activities and outreach efforts.

PILOT LOCAL HIRE INITIATIVE

In March 2015, the U.S. DOT announced an initiative to permit, on an experimental basis, Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) recipients and sub-recipients the ability to utilize previously disallowed local/geographic-based labor hiring preferences and economic-based labor hiring preferences on Construction and Rolling Stock projects. This initiative was carried out as a pilot program for a period of one year, which was extended through March 6, 2017, under the FHWA and FTA's existing Authorities. On January 18, 2017, the Federal Register published a notice from U.S. Transportation Secretary, Anthony Foxx, announcing that the Local Hire Pilot Program will be extended for five years through March 6, 2022.

On August 18, 2017 the USDOT issued a report on significant rulemaking that cited that the Pilot Local Hire reforms were slated for withdrawal and on August 25, 2017 the current Administration withdrew the Notice of Proposed Rule Change. Metro is waiting for final guidance from USDOT.

Staff will report any additional impacts to future construction projects as results of the recent plan to withdraw Local Hire reforms.

While Metro has been implementing a local hire program on certain state and locally funded contracts since 2012, there are two awarded construction projects subject to the US DOT Pilot Local Hire Initiative as of this quarterly reporting period. The awarded construction projects are:

- C0991 Division 16 - Southwestern Yard (contract amount of \$172M)
- C1120 Westside Purple Line Extension Project - Section 2 (contract amount of \$1.3B)

Metro originally received DOT and FTA approval on September 30, 2015, to use Metro's Local Employment Program (LEP) on four Rolling Stock procurements; Metro's New Heavy Rail Car, a new 40-foot CNG Bus Buy and two Rail Car Overhaul solicitations. Subsequently, on January 12, 2017, Metro received supplemental authority from FTA to apply the LEP on its Bus RFP for 60-foot CNG buses, 40-foot and 60-foot Zero Emission vehicles.

The FTA's approval contains specific conditions that limit the Local Employment Program to a voluntary program. This means that the program cannot be used to determine responsiveness to the

solicitation or as a basis for award. Nonetheless, the Local Employment Program will provide Proposers with an opportunity to receive up to 5% additional preferential scoring points if new jobs are committed as part of their proposal.

The FTA's approval also modified the definition of how Metro may define its geographical preference for new jobs and facility improvements for the New Heavy Rail Car and New Bus RFPs. For those two procurements, the definition of local employment will include anywhere in the State of California. For the two rail vehicle overhaul projects, the FTA will allow Metro to limit the geographical preference for new job creation to Los Angeles County.

Proposers that volunteer to participate in Metro's Local Employment Program and who commit to new local job creation must also commit to hiring a minimum of 10% of their new work force as Disadvantaged Workers. The targeted hiring requirements are a condition for receiving preferential scoring points but are not a condition of award.

The Board has now approved three (3) Rail Car projects that contain the new LEP including the A650 Red Line and P2000 Light Rail Vehicle Overhaul contracts, the New Heavy Rail Car contract; and four (4) new Bus contracts: the 40-foot and 60-foot Zero Emission Buses, and the 40-foot and 60-foot CNG Buses. Combined, these seven (7) projects will create new jobs in Los Angeles County totaling over \$65.3 million in wages and benefits over the next seven years. This local jobs program will create an estimated 217 new jobs for the base and option contract periods for these seven projects.

Staff will continue to report on the "Pilot Local Hire Initiative" on a quarterly basis as part of the Project Labor Agreement/Construction Careers Program quarterly updates.

OUTREACH

In efforts to attain the highest percentages of Targeted, Apprentice and Disadvantaged Workers on PLA/CCP projects, DEOD staff continuously seeks opportunities to keep the community informed and engaged of construction career opportunities available through the PLA/CCP. Staff consistently collaborates with community based organizations and other partners including the contractors on outreach events, initiatives and activities. DEOD staff participated and/or coordinated the following outreach efforts during this reporting period:

- Continuous collaboration with Five Keys Charter to promote Metro's PLA/CCP workforce initiatives within Los Angeles County Jail system.
- Participated in the Veteran Summer Slam Employment Fair event hosted by LA Trade Technical College in partnership with Metro on June 16, 2017.
- Presented Metro's PLA/CCP workforce initiatives at the National Hispanic Construction Association conference on July 13, 2017.
- Participated in the Jobs Create Peace Job Fair event on August 17, 2017.

- Participated as an Advisory Council member to Flintridge Center, a non-profit organization helping individuals start a career in the construction industry.

Staff routinely participates in recurring meetings with outreach teams, contractors, elected staffer and/or community representative.

NEXT STEPS

DEOD staff will continue to monitor contractor's hiring efforts, enforce compliance as necessary and seek new initiatives and outreach efforts to promote awareness, engagement and participation in construction career opportunities.

ATTACHMENTS

- A. PLA/CCP Report; data through June 2017

Prepared by: Keith Compton, Director, PLA/CCP
Compliance and Administration, (213) 922-2406

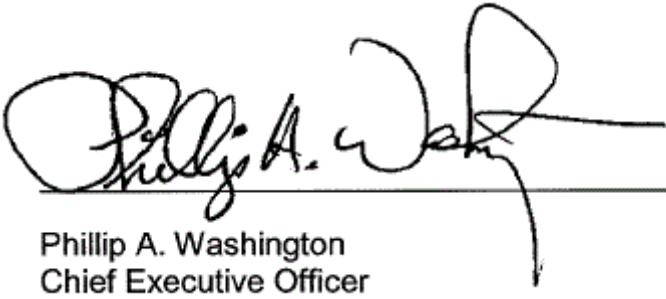
Miriam Long, Director, Strategic Business and Construction Career
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(213) 418-3051



Phillip A. Washington
Chief Executive Officer

Project Labor Agreement (PLA) / Construction Careers Policy (CCP) Update

**Report Data Through
June 2017 Reporting Period**

Crenshaw/LAX Transit Corridor Project

PLA Targeted Worker Attainment: Prime: Walsh/Shea

Report Data Through June 2017

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
3,389,706.53	59.40%	21.97% Based on Total Apprenticiable Work Hours	12.59%

Percentage Project Complete Based on Worker Hours: 78.28% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
3,389,706.53	12.84%	1.03%	22.47%	58.63%	1.17%	3.86%	73.67%	3.25%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Regional Connector Transit Corridor Project

PLA Targeted Worker Attainment: Prime: R.C.C., Joint Venture

Report Data Through June 2017

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
831,049.97	58.20%	17.56% Based on Total Apprenticesable Work Hours	7.72%

Percentage Project Complete Based on Worker Hours: 25.30% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
831,049.97	7.80%	0.62%	28.87%	59.13%	0.77%	2.80%	68.32%	2.72%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Westside Subway Extension Project, Section 1 – D/B

PLA Targeted Worker Attainment: Prime: S.T.S., Joint Venture

Report Data Through June 2017

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
598,268.49	66.58%	16.93% Based on Total Apprenticeable Work Hours	7.23%

Percentage Project Complete Based on Worker Hours: 18.37% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/ Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
598,268.49	9.39%	1.35%	20.24%	64.16%	0.32%	4.53%	75.22%	4.50%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Metro Blue Line Pedestrian & Swing Gates

PLA Targeted Worker Attainment: Prime: Icon-West

Report Data Through June 2017

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
36,711.00	60.49%	24.44% <small>Based on Total Apprenticesable Work Hours</small>	12.22%

Percentage Project Complete Based on Worker Hours: 93.02% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
36,711.00	4.11%	0.00%	16.55%	75.70%	0.00%	3.64%	79.81%	0.28%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Division 16: Southwestern Yard

PLA Targeted Worker Attainment: Prime: Hensel Phelps/Herzog, JV

Report Data Through June 2017

No. of Work Hours*	Local Targeted Economically Disadvantaged Worker Utilization(%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
71,226.33	52.42%	21.21% Based on Total Apprenticesable Work Hours	11.73%

Percentage Project Complete Based on Worker Hours: 20.38% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
71,226.33	9.66%	0.62%	26.49%	53.83%	0.12%	9.29%	64.23%	7.25%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

MRL Pershing Square Canopy & Escalator Replacement

PLA Targeted Worker Attainment: Prime: Clark Construction, LLP

Report Data Through June 2017

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
20,499.00	50.31%	35.74% <small>Based on Total Apprenticesable Work Hours</small>	14.19%

Percentage Project Complete Based on Worker Hours: 95.34% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
20,499.00	6.75%	2.11%	41.97%	45.29%	1.26%	2.62%	55.41%	1.22%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Patsaouras Plaza Busway Station

PLA Targeted Worker Attainment: Prime: OHL-USA, Inc.

Report Data Through June 2017

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
15,721.00	53.64%	2.69% <small>Based on Total Apprenticesable Work Hours</small>	3.15%

Percentage Project Complete Based on Worker Hours: 20.33% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
15,721.00	4.06%	0.35%	20.01%	74.81%	0.00%	0.76%	79.22%	3.50%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Crenshaw/LAX Advanced Utilities Relocations

PLA Targeted Worker Attainment: Prime: Metrobuilders

Report Data Through Oct 31, 2014 **(FINAL)**

No. of Work Hours	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
61,708.26*	61.41%		21.08%
43,277.52**		13.84%	

Percentage Project Complete Based on Worker Hours: 100%

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
61,708.26	11.66%	0.01%	22.02%	66.29%	0.01%	0.00%	77.97%	0.52%



* Total Cumulative Project Hours as Reported by Prime Contractor.

** Total Apprenticeable Cumulative Hours as Reported by Prime Contractor.

Westside Subway Extension Advanced Utilities

PLA Targeted Worker Attainment: Prime: Metrobuilders

Report Data Through November 2014 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
37,731.76	67.47%	11.12%	11.08%

Percentage Project Complete Based on Worker Hours: 100%

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
37,731.76	3.92%	0.00%	12.76%	76.87%	0.00%	6.45%	80.79%	7.48%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Westside Subway Extension Exploratory Shaft

PLA Targeted Worker Attainment: Prime: Innovative Constructive Solutions

Report Data Through October 2014 **(FINAL)**

No. of Work Hours	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
*18,049.25	50.88%		11.23%
**238.50		75.05%	

Percentage Project Complete Based on Worker Hours: 100%

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
18,049.25	11.40%	0.00%	22.71%	33.18%	1.19%	31.52%	45.77%	0.42%



* Total Cumulative Project Hours as Reported by Prime Contractor.

** Total Apprenticeable Cumulative Hours as Reported by Prime Contractor.

Regional Connector Advanced Utility Relocations

PLA Targeted Worker Attainment: Prime: Pulice

Report Data Through May 2015 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
58,903.00	51.61%	21.37% Contractor Reported Based on Total Work Hours	22.83%

Percentage Project Complete Based on Worker Hours: 100.00% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
58,903.00	1.36%	0.41%	17.43%	80.30%	0.00%	0.50%	82.07%	2.57%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

CNG Emergency Generator Division 7 and 8

PLA Targeted Worker Attainment: Prime: Taft Electric Company

Report Data Through May 2015 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
3,289.50	46.42%	25.51% Based on Total Apprenticeable Work Hours	39.08%

Percentage Project Complete Based on Worker Hours: 100.00% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
3,289.50	14.47%	1.92%	38.21%	45.40%	0.00%	0.00%	61.79%	4.68%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Division 13 CNG Fueling Facility, Design/Build/Operate

PLA Targeted Worker Attainment: Prime: Clean Energy

Report Data Through June 2015 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
11,496.00	67.54%	20.17% <small>Based on Total Apprenticesable Work Hours</small>	60.72%

Percentage Project Complete Based on Worker Hours: 100.00% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
11,496.00	31.21%	3.03%	26.54%	39.23%	0.00%	0.00%	73.47%	1.69%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Metro Blue Line Station Refurbishments

PLA Targeted Worker Attainment: Prime: S.J. Amoroso

Report Data Through June 2015 (FINAL)

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
41,274.75	56.01%	26.10% Based on Total Apprenticiable Work Hours	13.62%

Percentage Project Complete Based on Worker Hours: 100.00% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
41,274.75	16.59%	1.55%	20.72%	61.14%	0.00%	0.00%	79.28%	0.48%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Westside Subway Extension Project AUR (Fairfax Station)

PLA Targeted Worker Attainment: Prime: W.A. Rasic

Report Data Through December 2015 (FINAL)

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
37,510.00	63.27%	20.61% <small>Based on Total Apprenticesable Work Hours</small>	19.90%

Percentage Project Complete Based on Worker Hours: 100.00% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
37,510.00	9.44%	0.01%	13.39%	77.08%	0.00%	0.09%	86.53%	2.78%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Metro Rail Security Kiosks

PLA Targeted Worker Attainment: Prime: Icon-West

Report Data Through March 2016 (FINAL)

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
7,281.75	45.90%	27.06% <small>Based on Total Apprenticesable Work Hours</small>	20.17%

Percentage Project Complete Based on Worker Hours: 100.00% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
7,281.75	48.19%	0.27%	15.16%	34.78%	0.87%	0.72%	84.11%	0.00%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Westside Extension Project AUR (La Cienega Station)

PLA Targeted Worker Attainment: Prime: Bubalo Construction

Report Data Through October 2016 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
52,043.60	65.15%	21.76% <small>Based on Total Apprenticesable Work Hours</small>	20.96%

Percentage Project Complete Based on Worker Hours: 100% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
52,043.60	4.84%	0.00%	7.52%	87.64%	0.00%	0.00%	92.48%	0.57%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

MRL/MOL North Hollywood Station West Entrance

PLA Targeted Worker Attainment: Prime: Skanska

Report Data Through November 2016 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
85,105.00	57.79%	24.28% <small>Based on Total Apprenticesable Work Hours</small>	15.78%

Percentage Project Complete Based on Worker Hours: 100% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
85,105.00	11.06%	0.40%	27.47%	56.58%	1.04%	3.45%	69.08%	7.44%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Patsaouras Plaza POV Relocation, Pavers & Storm Drain PLA Targeted Worker Attainment: Prime: AP Construction

Report Data Through April 2017 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
18,173.00	76.46%	21.26% <small>Based on Total Apprenticeable Work Hours</small>	42.56%

Percentage Project Complete Based on Worker Hours: 100% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
18,173.00	6.96%	0.35%	3.31%	89.06%	0.00%	0.33%	96.37%	3.91%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.

Universal City Pedestrian Bridge

PLA Targeted Worker Attainment: Prime: Griffith Company

Report Data Through June 2017 **(FINAL)**

No. of Work Hours*	Targeted Economically Disadvantaged Worker Utilization (%) Goal: 40%	Apprentice Utilization (%) Goal: 20%	Disadvantaged Worker Utilization (%) Goal: 10%
109,020.00	38.33%	27.49% <small>Based on total Apprenticeable Work hours</small>	12.55%

Percentage Project Complete Based on Worker Hours: 100% (rounded)

Executive Order 11246 Demographic Summary

No. of Work Hours*	African American Utilization	Asian/Pacific Islander Utilization	Caucasian Utilization	Hispanic Utilization	Native American Utilization	Other/ Declined to state	Minority Utilization Goal: 28.3% (rounded)	Female Utilization Goal: 6.9%
109,020.00	8.50%	4.11%	22.25%	61.79%	0.62%	2.83%	75.02%	1.57%



*Cumulative Hours Through End of Noted Reporting Period – as Reported by Prime Contractor. Data subject to change to reflect updates or audits.



Board Report

File #: 2017-0596, **File Type:** Motion / Motion Response

Agenda Number: 42.

**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 21, 2017**

**SUBJECT: MEASURE M PROJECT ACCELERATION/DECELERATION FACTORS AND
EVALUATION PROCESS**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Draft Measure M Project Acceleration/Deceleration Factors and Evaluation Process outlined in Attachment A.

ISSUE

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance (#16-01) (Measure M) through a transportation sales tax measure. The Ordinance was ultimately approved by 71% of voters in the November 8, 2016 general election. As a result, the projects and programs in the Expenditure Plan of the Ordinance have been approved and must now be implemented accordingly.

The Metro Chief Executive Officer (CEO) has previously stated that he will challenge all potential project delays in order to construct projects and programs on time and within budget. All would agree that avoiding costly project and program delays saves precious taxpayer dollars and serves to maintain the sacred public trust that has been bestowed on Metro by the voters of Los Angeles County. The Ordinance also allows for project acceleration as long as it does not delay any other major capital project. This report seeks to outline the key conditions under which acceleration and/or deceleration of major capital projects would be considered.

BACKGROUND

Measure M is the largest, most ambitious and most comprehensive transportation infrastructure initiative in North America and in the history of the State of California. The success of Measure M will be built upon the diverse and committed coalition that supported its passage, the efficacy of the Plan provisions as they impact our various constituencies, and the leadership and management of the implementation of the program itself.

Metro staff has been very aggressive in its approach to implementing the many projects and

programs that are included in the Measure M plan. Examples of our aggressive approach include:

- OPERATION Shovel Ready Initiative: Created in January 2016 to bring projects to a “Shovel-Ready” state that allows Metro to take advantage of potential opportunities that may develop and allow the projects to advance into the design and construction stage sooner than planned.
- International Industry Forum (Transformation through Transportation (T-4)): Convened in February 2016 to inform the international transportation infrastructure community that LA Metro is ready to do business. Also, introduced Metro’s Unsolicited Proposal Policy, designed to allow the private sector to submit ideas to Metro without having to wait for the sometimes lengthy time that it takes to solicit ideas through the Request for Proposal (RFP) process.
- Program Management Plan (PMP): Created in October 2016 to outline how Metro would manage and implement the capital improvement portion of the ambitious transportation infrastructure program that is Measure M. The PMP is a department-by-department roadmap that lays out the necessary resources needed to implement the Plan. The PMP builds upon the Operation Shovel Ready Initiative efforts to accelerate critical project delivery steps, such as environmental clearances and design work, in anticipation of securing project construction funds.
- Development of Metro’s Tactical Plan: Created in December 2016 to outline Metro’s tactical plan of action on capital projects and programs in 12 month increments. Designed to track mega projects by breaking them down to a step-by-step tactical plan and approach so managers and senior leaders understand exactly what phase a project is in and how to accelerate that particular phase.
- Measure M Guidelines: Adopted by the Board in June 2017, the comprehensive Guidelines provide a critical framework to ensure that Measure M projects and programs are implemented consistent with Ordinance provisions, while indicating areas of flexibility that are workable alongside the fiduciary stewardship attached to voter approved sales tax revenue.

DISCUSSION

The Ordinance approved by LA County voters allows for project acceleration. Section 11. Amendments; paragraph b state: *“By two-thirds (2/3) vote, the Metro Board of Directors may amend the “Schedule of Funds Available” columns listed in Attachment A to accelerate a project, provided that any such amendments shall not reduce the amount of funds assigned to any other project or program as shown in the “Measure__Funding 2015\$” column of Attachment A or delay the Schedule of Funds Available for any other project or program.”* This is essentially a hold harmless clause which in laymen’s terms could be interpreted to mean that “projects can be accelerated as long as they do not negatively impact other projects”.

Staff proposes acceleration and/or deceleration factors and a process that would allow a formal identification of those factors, which could potentially accelerate or decelerate mega project delivery.

- Accelerators: Factors beyond the control of LA Metro that could result in facilitating early delivery of projects. (See Attachment A for Accelerator factors.)

- Decelerators: Factors beyond the control of LA Metro that could result in significant and costly delays to our projects that are no fault of Metro. (See Attachment A for Decelerator factors.)

Additionally, staff recommends that once one or more factors have been identified that suggest that a potential acceleration and/or deceleration has occurred, staff would conduct an analysis to confirm the acceleration and/or deceleration, determine the extent to which a project could be accelerated and/or decelerated, and what would be the impacts of that action (e.g., cash flow confirmation, operations and maintenance impact, etc.). At no time would projects be accelerated to the sole detriment of other projects.

Finally, this Plan should encourage local jurisdictions and stakeholders to work with Metro to carry out what 71% of LA County voters called for: to implement Measure M projects and programs efficiently, effectively and as a collective priority. Project delays within and outside of Metro's control must be addressed with the same urgency and responsiveness attached to opportunities that advance projects. Both accelerators and decelerators will jointly drive our ability to deliver Measure M on time, and within budget.

FINANCIAL IMPACT

The impacts of acceleration and deceleration decisions would be case specific. Analysis of budget and long range financial programming would be an essential part of the analysis that would accompany any considerations under this proposed approach.

Impact to Budget

As noted, FY budget impacts would be case specific to the projects and schedules involved.

ALTERNATIVES CONSIDERED

The Board could elect to determine acceleration and deceleration of projects on an ad hoc basis. This is not recommended; instead, establishing a consistent process a) would ensure that needed analyses and determinations are done expeditiously; and b) an adopted policy adheres to the principles of transparency and financial accountability that the Measure M Ordinance demands and the public expects.

NEXT STEPS

Staff will return in October with an acceleration/deceleration policy for formal adoption, based on this outline, and any Board input thereto.

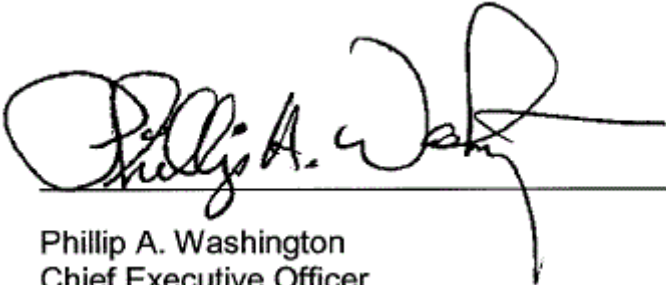
ATTACHMENTS

Attachment A - Draft Project Acceleration/Deceleration Factors and Evaluation Process

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Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

Draft Project Acceleration/Deceleration Factors and Evaluation Process

Accelerators

	Accelerator
Funding	<ul style="list-style-type: none"> • Has new funding become available at an amount greater than 25% of the total project construction cost? <ul style="list-style-type: none"> ○ Is this funding discretionary? ○ Is this funding somehow conditional to the project or time-sensitive? ○ Are unspent subregional funds available to be re-allocated to the project, with approval of the subregion? ○ Is funding available from a decelerated project? ○ Are confirmed surplus funds available from another project in the same subregion, based on a final Life of Project budget?
Process	<ul style="list-style-type: none"> • Is this project currently undergoing or can commit to a streamlined planning and environmental review process, not exceeding three years in duration?
	<ul style="list-style-type: none"> • Has this project concluded the planning and environmental review process, needing no more than a refresh of the environmental document(s), not exceeding one year in duration to complete (Operation Shovel Ready)?
	<ul style="list-style-type: none"> • Can this project be designed to phase improvements to achieve early action, incremental benefits?
	<ul style="list-style-type: none"> • Has at least 75% of the required right-of-way and site acquisitions been completed or is anticipated to be completed within one year?
Partnerships	<ul style="list-style-type: none"> • Does the existing local land use regulatory framework accommodate Transit-oriented Communities (TOC) for at least 75% of the land area within two miles of every station? <ul style="list-style-type: none"> ○ Are the adopted land use plans, development standards, design standards, including identification of needed public improvements and public facilities/amenities conforming to Metro's adopted TOC policy <i>[proposed for future Board action]</i> and are cleared by a certified Program Environmental Impact Report (EIR) to streamline subsequent implementation? ○ Does the local jurisdiction have a current, State Housing and Community Development Department (HCD)-approved Housing Element; has properly planned and zoned for adequate sites to accommodate its Regional Housing Needs Assessment allocation; updated its development regulations to accommodate the density corresponding to the lower income category of housing units pursuant to State Housing Law; and has a minimum 10% inclusionary housing program, supported by a current density bonus ordinance that is consistent with State Density Bonus Law?
	<ul style="list-style-type: none"> • Is the local jurisdiction and/or other local partner contributing at least 25% more than the required 3% contribution?
	<ul style="list-style-type: none"> • Is a local improvement or financing district existing or will be established within three years of the groundbreaking date for the purpose of either funding a portion of the greater than 3% contribution referenced above and/or implementing public infrastructure and amenities improvements pursuant to an adopted TOC program?

	<ul style="list-style-type: none"> • Is there a program to collect a fee in-lieu of providing required parking and local traffic mitigation fees/improvements, with revenues allocated to transit passes and other transportation demand management (TDM) strategies?
Innovations	<ul style="list-style-type: none"> • Is there an equal or superior, less costly improvement to accomplish the capacity and performance intended by the transportation project?
	<ul style="list-style-type: none"> • Are there technological innovations that will reduce the planned capital and/or operating cost of the project?
	<ul style="list-style-type: none"> • Is there an opportunity to combine two or more projects/segments to achieve economy of scale and minimize impacts of multiple back-to-back construction over a long period of time such that the combined project construction cost is reduced by at least 25%?
	<ul style="list-style-type: none"> • Is this project the subject of a public-private partnership proposal or other unsolicited proposal that can reduce the estimated construction cost by a minimum of 10% and accelerate the delivery date by at least 10 years?

Decelerators

	Decelerator
Funding	<ul style="list-style-type: none"> • Have there been new priorities, which are not part of the adopted Long Range Transportation Plan (LRTP), that reduce forecasted available revenue, resulting in a shortfall of 25% or more of the project construction cost?
	<ul style="list-style-type: none"> • Is there an unrealized funding source for the project that was assumed in the financial plan, which reduces available project funding from that source by at least 25%?
	<ul style="list-style-type: none"> • Is the cost of the project so high that it cannot be constructed within the three-year window in the Expenditure Plan for the "Opening Date?"
Process	<ul style="list-style-type: none"> • Is there a determination, upon identifying the Locally Preferred Alternative or completion of the planning and environmental review process, that proceeding with the project as originally conceived is incompatible with the community and cannot be compatibly constructed because funding is insufficient to design it as desired?
	<ul style="list-style-type: none"> • Is the project a subject of litigation that delays the project for more than six months and/or delays the project schedule such that the three-year window in the Expenditure Plan for "Opening Date" cannot be met?
	<ul style="list-style-type: none"> • Are there significant environmental clearance complications that are lengthy or costly to address such the project is likely to be delayed for more than six months and/or the project schedule would be delayed such that the three-year window in the Expenditure Plan for "Opening Date" cannot be met?
Partnerships	<ul style="list-style-type: none"> • Is less than 75% of the land area within two miles of project stations not included within updated local land use plans and regulations, and not cleared by a certified Program EIR, contrary to Metro's TOC Policy <i>[proposed for future Board action]</i>?
	<ul style="list-style-type: none"> • Have excessive permit requirements been imposed by the responsible agency or denials by an agency such that the project is delayed for more than 30 days and/or the project schedule is delayed such that the three-year window in the Expenditure Plan for "Opening Date" cannot be met?

	<ul style="list-style-type: none"> • Have disproportionate or unwarranted project design requests by a local jurisdiction occurred such that six months or more is added to the planning and design review process, and the project schedule would be delayed such that the three-year window in the Expenditure Plan for "Groundbreaking Start Date" cannot be met?
Innovations	<ul style="list-style-type: none"> • Are there requests to defer a project for speculative or long-term technological improvements that are not available during the three-year window in the Expenditure Plan for the "Opening Date"?
	<ul style="list-style-type: none"> • Are available state-of-the art, proven technologies that can increase capacity, reduce travel times and improve safety, while staying within the budgeted construction cost, which Metro is being prevented from utilizing by law or regulator?

Process

1. Identify if one or more factors have occurred that suggest a potential for acceleration and/or deceleration. A tool would be utilized to assist in identifying the factors that potentially have occurred and would provide an initial screening of the propensity for acceleration and/or deceleration.
2. If so, then staff would conduct an analysis to confirm the acceleration and/or deceleration, determine the extent to which a project could be accelerated and/or decelerated, and what would be the impacts of that action.
3. The Board of Directors reviews the staff analysis and gives direction to subsequently provide notice and take action pursuant to law; declines to find for acceleration and/or deceleration; or directs staff to undertake further analysis.

A large, stylized letter 'M' is the central focus. It is composed of three thick, white, 3D-looking bars that meet at a central point. The 'M' is set against a green circular background, which is itself partially enclosed by a red curved shape. The overall design is modern and graphic.

Measure M Project Acceleration/Deceleration Factors and Evaluation Process

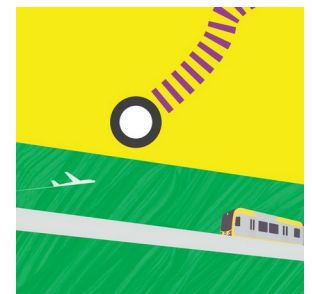
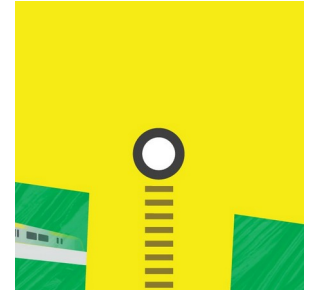
The Value of a Comprehensive Policy

- Establishes clear, uniformly applied criteria
- Allows rigorous and expeditious analyses and determinations
- Provides for transparency and financial accountability



Accelerators and Decelerators Concept

- **Accelerators:** factors beyond the control of Metro that could result in facilitating early delivery of projects
- **Decelerators:** factors beyond the control of Metro that could result in significant and costly delays to our projects, that are no fault of Metro



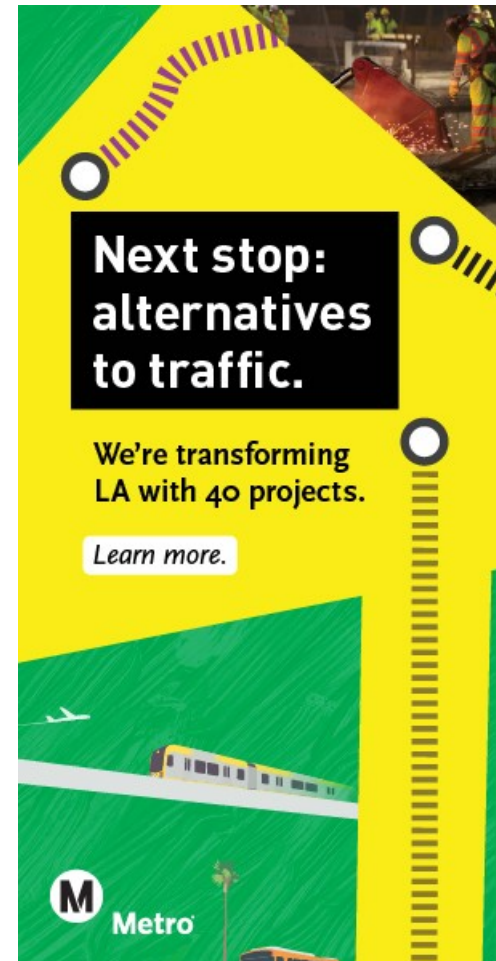
Measure M Ordinance

- Projects can be accelerated as long as others are not negatively impacted
- A project that is delayed negatively impacts the ability to advance others
 - A delayed project is an overall drag on maximizing the implementation of capacity in the Measure M Expenditure Plan

“By two-thirds (2/3) vote, the Metro Board of Directors may amend the “Schedule of Funds Available” columns listed in Attachment A to accelerate a project, provided that any such amendments shall not reduce the amount of funds assigned to any other project or program as shown in the “Measure__Funding 2015\$” column of Attachment A or delay the Schedule of Funds Available for any other project or program.”

Categories of Accelerators and Decelerators

- Funding
- Process
- Partnerships
- Innovations



Evaluation Tool: MMAT

- Contains
 - All Measure M projects ordered as listed in the Expenditure Plan
 - Acceleration and deceleration factors
 - A score given to each factor to measure its relative strength in impacting project timing
- Overall score given as a low, medium and high indicator for acceleration/deceleration
- Includes accounting of evaluations conducted

Evaluation Process

- Identify if factors have occurred and apply screening tool
- Staff conducts analysis if tool demonstrates propensity for acceleration/deceleration, along with impacts in taking action
- Board of Directors review
 - Decide to subsequently provide notice and take action
 - Decline to find for acceleration and/or deceleration
 - Direct staff to undertake further analysis



Staff Recommendation

- Receive and file this Board report
- Board adoption in October of an acceleration/ deceleration policy





Discussion



Metro[®]



Board Report

File #: 2017-0608, File Type: Informational Report

Agenda Number: 4.

EXECUTIVE MANAGEMENT COMMITTEE SEPTEMBER 21, 2017

**SUBJECT: INFRASTRUCTURE FOR REBUILDING AMERICA (INFRA) FEDERAL
COMPETITIVE GRANT PROGRAM**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report on the candidate projects to be submitted for the FY 2018 INFRA competitive grant program.

ISSUE

On July 5, 2017 the United States Department of Transportation (USDOT) issued a Notice of Funding Opportunity (NOFO) announcing that the competitive federal freight grant program initiated through the Fixing America's Surface Transportation (FAST) Act - the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) - would be rebranded as the INFRA program. Additionally, USDOT announced that approximately \$700 million available in the FY 17 FASTLANE competition would be rolled over into the FY 18 INFRA cycle to create a one-time \$1.5 billion-plus funding opportunity.

While many program features from FASTLANE were retained in INFRA, the major evaluation criteria were reconstituted to reflect new USDOT priorities for the program. These changes have required staff to employ an Evaluative Criteria Framework-as identified in Attachment A-that would include (1) a re-evaluation of projects previously submitted for FASTLANE and (2) a review of other Measure M Expenditure Plan projects-as provided in Attachment B-to determine if they were now considered eligible and competitive for the new INFRA competition. This process will ultimately lead to applications submitted to USDOT by the November 2, 2017 deadline.

This report serves to provide an update to the Board on the projects that staff will be submitting for the FY 18 INFRA cycle, as well as a review of the Evaluative Criteria Framework used to select candidate projects for this federal grant competition.

DISCUSSION

Since the last INFRA application cycle-then the FY 17 FASTLANE program-was announced, several major funding breakthroughs have occurred that require Metro to develop and implement a comprehensive Evaluative Criteria Framework to guide investment decisions in a transparent, measured manner when submitting applications for state and federal funding programs:

- Los Angeles County voters overwhelmingly passed Measure M, providing Metro the task of implementing a \$120 billion expenditure plan of capital, operating, and maintenance projects over the next 40 years throughout the County. Measure M provides a major opportunity for Metro to leverage local sales tax dollars with state and federal dollars for investment in Los Angeles County's transportation infrastructure.
- The State of California approved Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, which is estimated to provide approximately \$5 billion annually statewide in new and expanded funding programs that will feature a combination of competitive and formula funding opportunities.
- USDOT announced that the FASTLANE program would be rebranded and reconstituted as the INFRA program, carrying forward \$700 million from the FY17 FASTLANE cycle to provide over \$1.5 billion in federal competitive grant funding for the FY18 application cycle. Future years of INFRA are authorized at \$950 million (FY19) and \$1.0 billion (FY20).

As the lead agency, Metro is allowed to submit no more than three distinct applications for the INFRA grant program per funding cycle. Last year during the FY17 FASTLANE application cycle, staff successfully worked with Caltrans District 7 staff to secure one of the State of California's three application slots, putting forth two projects for inclusion in a highway-oriented bundle of projects entitled *America's Global Freight Gateway: Highway Strategy*.

FY18 INFRA Applications

For the FY18 INFRA application cycle, staff plans to submit a total of four projects based upon the results of the Evaluative Criteria Framework. Metro will submit three projects as the lead agency, with an additional project submitted through the State of California as follows:

Metro

- Application #1: I-105 Express Lanes from I-405 to I-605
- Application #2: I-5 North Capacity Enhancements (SR-14 to Lake Hughes)
- Application #3: *America's Global Freight Gateway: Rail Project*
 - Rail capacity projects - Port of Los Angeles
 - Rail capacity projects - Port of Long Beach
 - Rail/Highway grade separation projects - Alameda Corridor-East

State of California

Application (1 of 3 Statewide): *America's Global Freight Gateway: Highway Strategy*

- SR-57/SR-60 Interchange Improvements

FY17 FASTLANE vs. FY18 INFRA Grant Applications

Staff has made two changes in the projects planned for grant applications under the FY18 INFRA program compared to FY17 FASTLANE program as a result of the new criteria posed by INFRA and using the Evaluative Criteria Framework. These changes include:

- Removing SR-71 Gap from I-10 to Rio Rancho Road from the State of California *America's Global Freight Gateway: Highway Strategy* application to increase application's overall competitiveness. This project will be deferred to the SB 1 application process.
- Selecting the I-105 Express Lanes (from I-405 to I-605) project as a third application for Metro to submit alongside the same two applications submitted last year based upon the new INFRA criteria that emphasizes managed lanes.

I-710 South Corridor Project (Phase I)/Early Action Projects

Given the significant importance of the I-710 South corridor to regional and national freight movement to and from the Ports of Los Angeles and Long Beach, staff made every effort to develop a competitive INFRA grant application for the Early Action Projects portion of this project. This project will not be ready for inclusion in the FY 18 INFRA cycle as it still requires more community input and more project definition at this time. Staff will work with project stakeholders to develop a competitive application for the SB 1 grant application process.

FINANCIAL IMPACT

Staff is currently working to refine individual project scopes, costs, schedules, and funding plans with partner agencies. This work is focused on increasing the competitiveness of projects while ensuring the consistency with project specific schedules for Measure M funding availability as well as the scalability of project scope to address lower funding awards than requests. As many of the INFRA candidate projects are also anticipated as candidates for SB 1 funding, staff is developing funding strategies that maximize the leveraging of both state and federal discretionary funds with Measure M and other Metro-controlled revenues. This work includes coordination with Caltrans, the California State Transportation Agency, and the California Transportation Commission on how to appropriately incorporate assumptions of state funding in the INFRA grant applications. Financial impacts of actual awards of INFRA funds will be reported to the Board following notification by USDOT.

NEXT STEPS

Staff will continue to develop the INFRA applications identified in this report to ensure submission of all applications by the November 2, 2017 deadline.


ATTACHMENTS

Attachment A - Use of the Evaluative Criteria Framework to Guide INFRA Project Candidate Selection

Attachment B - Measure M Expenditure Plan Evaluation Methodology

Prepared by: Michael Cano, DEO, Countywide Planning & Development, (213) 418-3010
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Phillip A. Washington
Chief Executive Officer

Evaluative Criteria Framework to Guide INFRA Project Candidate Selection

To guide Metro's decision-making process in selecting projects for consideration in the FY 18 INFRA federal competitive grant program, staff employed the Evaluative Criteria Framework as follows:

1. *Sustain Measure M and other Pre-Measure M/LRTP Priorities and Schedules*

Metro's Goods Movement Planning staff reviewed the Measure M Expenditure Plan and prior LRTP priorities and first evaluated each project based on the following two requirements, in the following order:

- Is the Project eligible for INFRA consideration?
- Can the Project meet the March 2023 construction start date deadline?

To accomplish this evaluation as identified in Attachment B, staff met and discussed candidate projects with staff from various Metro departments—including Highways, Regional Rail, Congestion Reduction, Planning and the Office of Extraordinary Innovation—to determine which projects would be considered eligible for INFRA based on the NOFO requirements, and of those projects, which ones would be able to go to construction by the NOFO's March 2023 deadline.

Only six projects (listed in priority order from the Measure M Expenditure Plan) met both requirements:

- I-5 North Capacity Enhancements (SR-14 to Lake Hughes)
- SR-71 Gap from I-10 to Rio Rancho Road
- SR-57/SR-60 Interchange Improvements
- I-710 South Corridor Project (Phase 1)/Early Action Projects
- I-105 Express Lane from I-405 to I-605
- I-710 South Corridor Project (Phase 2)

This review of the Measure M Expenditure Plan yielded three additional projects for consideration in comparison to those considered in the FY17 FASTLANE application cycle – both I-710 South Corridor Project phases were eligible due to the additional year allowed for construction start date, while the I-105 Express Lane from I-405 to I-605 benefitted from the extended construction start date and INFRA's new evaluation criteria which provides strong support for managed lane projects in congested urban corridors.

These six projects were then assessed for competitiveness under the updated evaluation criteria set forth in the NOFO.

2. Match Competitiveness of Projects to New/Expanded Programs Criteria

In light of the particular criteria set forth in the INFRA NOFO, staff determined that the following types of projects would be most competitive for this application cycle:

- Highway projects that provide freight-related benefits for the national freight highway system
- Highway projects that address congestion in major urban corridors through the use of managed lanes
- Projects that could leverage significant amounts of local, state, and private funding to lower the rate of expected federal participation
- Projects that could meet high standards for accountability and performance in delivering project milestones and overall project implementation

After reviewing these six projects through the program evaluative criteria, staff made the following decisions:

- Considered the I-710 South Corridor Project (Phase 1)/Early Action Projects for inclusion in the State of California highway bundle application but due to the need for greater community input and project definition, this project was not deemed ready for submission for the FY 18 INFRA cycle. Staff will seek funding through SB 1 grant program opportunities and future INFRA grant cycles.
- Removed the SR-71 Gap from I-10 to Rio Rancho Road from the State of California highway bundle application to increase competitiveness of overall bundle. Staff feels strongly that the SR-71 Gap from I-10 to Rio Rancho Road project, as a state highway gap closure project, will be competitive at the state level for SB 1 grant program opportunities.
- Removed the I-710 South Corridor Project (Phase 2) from consideration due to the large federal grant request needed to cover the project's expected funding gap, making this project non-competitive based on the limited non-federal funding to be leveraged at this time.

3. Certainty (Formula) vs. Risk (Competitive/Discretionary)

The projects selected for INFRA applications will all be competitive in the State (SB1) and Federal (INFRA) grant application processes. Accordingly, these projects bear an appropriate level of risk to secure external funding to leverage Measure M funding to support the timely delivery of each individual project without compromising each project's respective overall implementation schedule.

4. *Geographic Balance*

With these candidate projects, Metro has an opportunity to put forth competitive projects for the FY 18 INFRA cycle while also striking a strong geographic balance:

- North County:
 - I-5 North Capacity Enhancements (SR-14 to Lake Hughes) (Metro Application #2)
- San Gabriel Valley:
 - SR-57/SR-60 Interchange Improvements (Caltrans Application)
- South Bay:
 - I-105 Express Lane from I-405 to I-605 (Metro Application #1)
 - Port of Los Angeles – Alameda Corridor Track Gap Closure (Metro Application #3)
 - Port of Los Angeles – Terminal Island Railyard Enhancement (Metro Application #3)
- Gateway Cities:
 - I-105 Express Lane from I-405 to I-605 (Metro Application #1)
 - Port of Long Beach – Terminal Island Wye (Metro Application #3)
 - Port of Long Beach – Pier B Street and Railyard (Metro Application #3)
 - Alameda Corridor-East – Durfee Avenue Grade Separation (Metro Application #3)
 - Alameda Corridor-East – Montebello Boulevard Grade Separation (Metro Application #3)

5. *Consistency with Board Policies and Directives*

The projects selected for INFRA applications are consistent with board policies and directives, particularly those to maintain the priority of the Measure M Expenditure Plan and to leverage local sales tax to bring in a competitive share of state and federal funding into Los Angeles County for transportation infrastructure priority projects.

All Metro projects submitted for INFRA are from the Measure M Expenditure Plan. Furthermore, the I-105 Express Lane from I-405 to I-605 project is also consistent with the implementation goals of the board-adopted ExpressLanes Strategic Plan.

6. *Consistency with Metro Long Range Transportation Plan (LRTP) and SCAG Regional Transportation Plan (RTP)*

All of the projects selected by Metro for INFRA applications—as Measure M Expenditure Plan projects—are included in and consistent with the priorities set forth in Metro’s LRTP and SCAG’s RTP. The projects put forth by the Port of Los Angeles, Port

of Long Beach, and Alameda Corridor-East as part of the *Rail Project* application are all found in the RTP, as required by INFRA.

Measure M Expenditure Plan Evaluation Methodology

The Measure M Expenditure Plan was screened with an initial two-step process for project eligibility based on the following criteria:

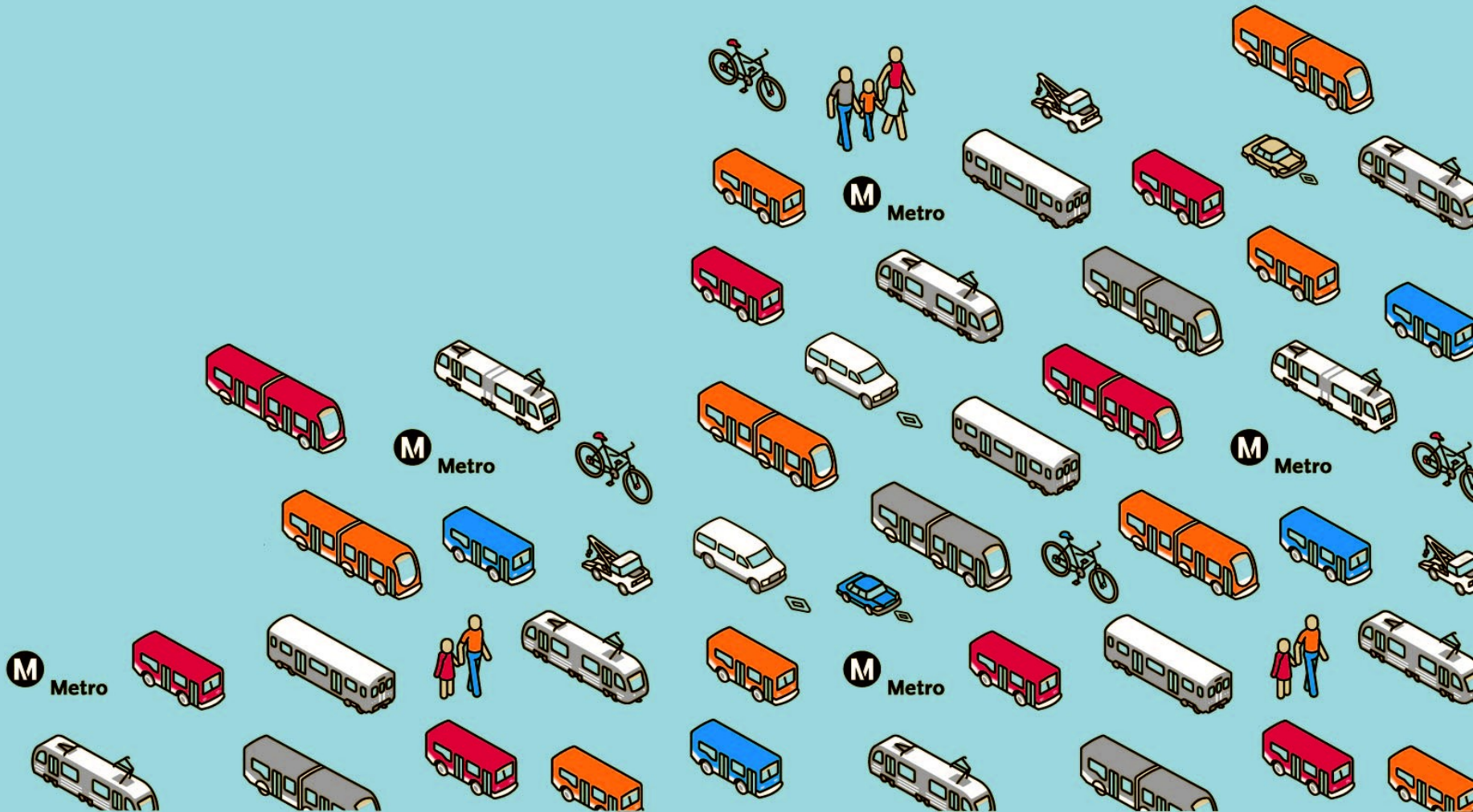
- **Step 1:** Does the project definition meet the eligibility requirements for INFRA? If yes, then proceed to Step 2. If no, eliminate from consideration
- **Step 2:** Does the project have a reasonable path forward to go to construction by INFRA's March 2023 construction start date requirement?

Measure M Expenditure Plan Projects		Is the Project Definition Eligible for Consideration for INFRA?	Can Meet the March 2023 Construction Start Date?
1	Airport Metro Connector 96 th St. Station/Green Line Extension to LAX	No	
2	Westside Purple Line Extension Section 3	No	
3	High Desert Multi-Purpose Corridor (HDMC)	Yes – Highway component only	No
4	I-5 North Capacity Enhancements (SR-14 to Lake Hughes)	Yes	Yes*
5	Gold Line Foothill Extension to Claremont	No	
6	Orange Line BRT Improvements	No	
7	BRT Connector Orange/Red Line to Gold Line (av/sf)	No	
8			
9	East SF Valley Transit Corridor Project	No	
10	West Santa Ana Transit Corridor Project	No	
11	Crenshaw/LAX Track Enhancement Project	No	
12	SR-71 Gap from I-10 to Rio Rancho Rd.	Yes	Yes*
13	LA River Waterway & System Bikepath	No	
14	Complete LA River Bikepath	No	
15	Sepulveda Pass Transit Corridor (Phase 1) (sf/w)	Yes – ExpressLanes component only	No
16			
17	Vermont Transit Corridor	No	
18	SR-57/SR-60 Interchange Improvements	Yes	Yes*
19	Green Line Extension to Crenshaw Blvd. in Torrance	No	
20	I-710 South Corridor Project (Phase 1) <i>*includes Measure R EAP</i>	Yes	Yes*
21	I-105 Express Lane from I-405 to I-605	Yes	Yes*
22	Sepulveda Pass Transit Corridor (Phase 2) (sf/w)	No	
23			
24	Gold Line Eastside Extension (one alignment) (gc/sg)	No	
25			
26	West Santa Ana Transit Corridor LRT (cc/gc)	No	
27			
28	I-710 South Corridor Project (Phase 2)	Yes	Yes*
29	I-5 Corridor Improvements (I-605 to I-710)	Yes	No
30-45: These projects were determined unable to meet the March 2023 construction start deadline			

*Projects highlighted in green brought forth to Step 3 of evaluation criteria framework

Infrastructure for Rebuilding America (INFRA)

Metro's Candidate Projects



INFRA FY 18 – Highlights

- Rebranding of FASTLANE includes some major changes to evaluative criteria – new merit criteria are:
 - National and regional economic vitality
 - Potential for innovation
 - Leveraging of federal funding
 - Performance and accountability
- \$1.5+ billion available for national competition
- Projects must start construction no later than March 2023
- Maximum of three applications per agency
- Applications due November 2, 2017



INFRA Criteria: What are Competitive Projects?

New INFRA criteria favor the following types of projects:

- Highway projects that provide **freight-related benefits** for the National Freight Highway System
- **Port intermodal** and **freight rail** projects
- Highway projects that address congestion in major urban corridors through the use of **managed lanes**
- Projects that could leverage significant amounts of local, state, and private funding to **lower the rate of expected federal participation**
- Projects that could meet high standards for **accountability and performance** in delivering project milestones and overall project implementation



Use of Evaluative Criteria Framework – Methodology

To guide Metro’s decision-making process to select candidate projects, staff employed the **Evaluative Criteria Framework**.

Methodology

Measure M Expenditure Plan priorities were first screened to identify projects that could meet the following two requirements:

- **Is the Project eligible for INFRA consideration?**
- **Can the Project meet the March 2023 construction start date deadline?**

Six projects were identified through this screening process and referred for further evaluation for competitiveness and readiness.



Use of Evaluative Criteria Framework – Outcome

Outcome

Of the six remaining projects, the following three were deemed competitive and in a state of readiness to include in an INFRA application this cycle:

- **I-5 North Truck and HOV Lanes Project**
- **SR-57/SR-60 Confluence Project**
- **I-105 ExpressLanes Project**

The following three were removed from further consideration for an INFRA grant application this cycle due to issues of competitiveness or readiness:

- **SR-71 Gap Closure** – (*competitiveness*)
- **I-710 South Corridor (Phase 1)/Early Action Projects** – (*readiness*)
- **I-710 South Corridor (Phase 2)** – (*readiness*)

N.B. These three projects will receive strong consideration for Senate Bill 1 funding opportunities



Metro Applications for INFRA

Metro will submit its maximum of three applications for this INFRA cycle:

Application #1: I-105 ExpressLanes Project

Application #2: I-5 North Truck & HOV Lane Project

Application #3: *America's Global Freight Gateway: Rail Project*

A regional, integrated, and corridor-based bundle of freight rail capacity and mitigation projects put forth by Metro partners:

- Port of Los Angeles
- Port of Long Beach
- Alameda Corridor-East



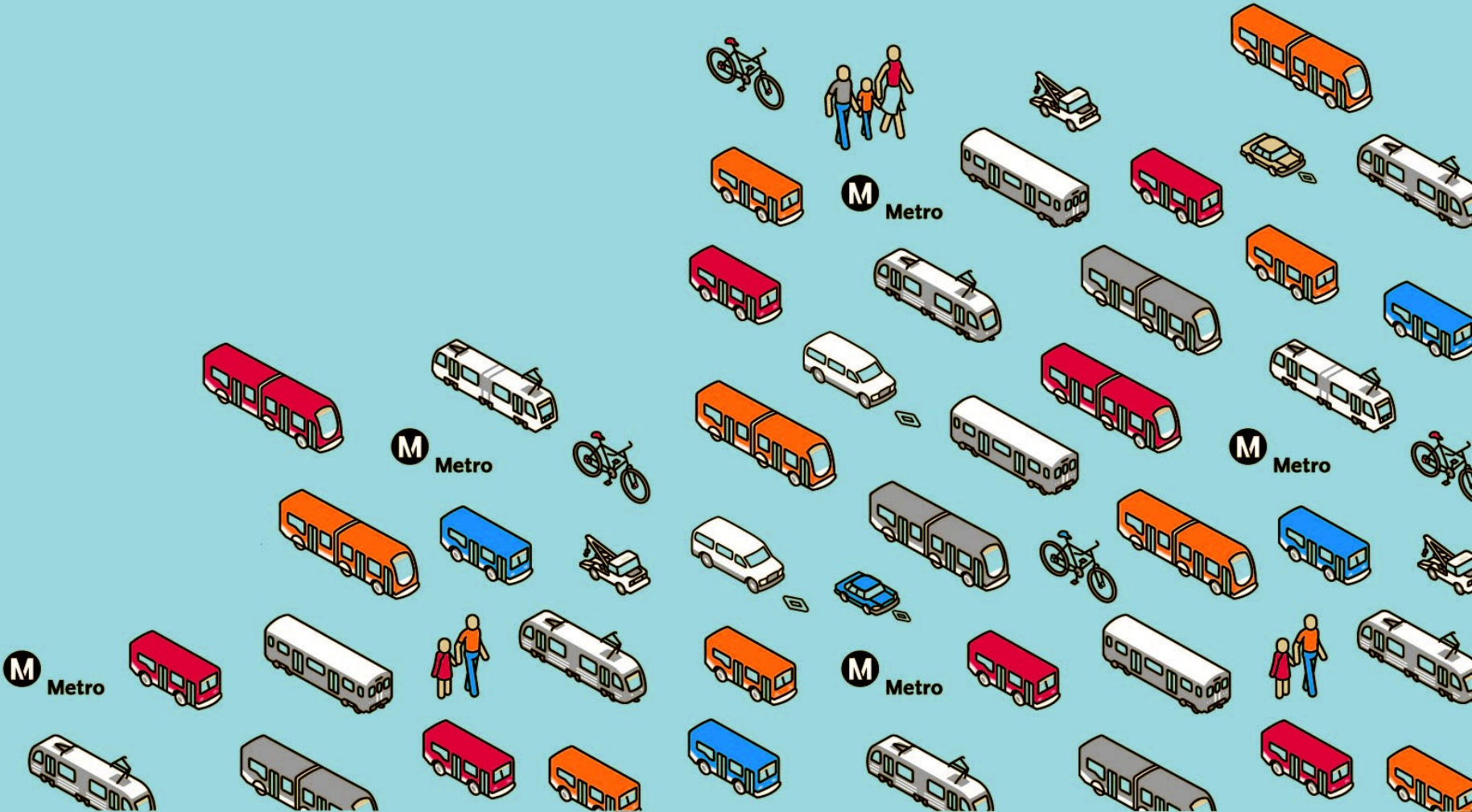
Caltrans INFRA Application on behalf of Metro

Metro will also submit an additional Measure M project – **the SR-57/SR-60 Confluence project** – through a Caltrans-led application created in partnership with:

- SCAG
- San Bernardino County Transportation Agency
- Riverside County Transportation Commission
- Orange County Transportation Authority



Thank you





Board Report

File #: 2017-0590, File Type: Informational Report

Agenda Number: 48.

EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 21, 2017

SUBJECT: STREAMLINING AUDITS FOR SMALL BUSINESSES

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE report on streamlining audits for small businesses.

ISSUE

Audits are necessary to provide accountability and transparency on the utilization of Metro’s financial resources. However, at the June 2017 Board meeting Director Dupont-Walker, it was noted that the audit of small businesses should not be too burdensome to the point of negatively impacting small business operations and Metro’s Management Audit Services (MAS) Department was requested to report back on the policies and practices for auditing small businesses.

DISCUSSION

As stewards of taxpayers’ money, Metro’s MAS department completed a total of 222 contract audits in the last five fiscal years covering FY 2013 to FY 2017. The audits identified questioned costs of \$76,261,508. Audit costs for these 222 audits is estimated at \$4.4 million. Eighty-eight of the 222 audits were audits of small business enterprise (SBE) or disadvantaged business enterprise (DBE) contracts. Below is a summary of the contract audits completed and resulting questioned costs:

	Completed Audits*	Amount Questioned**
SBE/DBE	88	\$14,497,894
Other Contractors	134	\$61,763,614
Total*	222	\$76,261,508

*Completed Audits include the following types of audits: Pre-Award, Incurred Cost, Change Orders, Buy America Compliance, Indirect Cost Rates and Labor Rates.

**The amount questioned excludes the amounts for indirect cost rates, labor rates, and Buy America

Compliance because these audits only report questioned rates or compliance.

MAS completed these 222 audits in response to requests made by Vendor/Contract Management (V/CM) department based on V/CM's policy requirements. The V/CM's policy requirements are designed to comply with the audits required by funders, such as Federal Transit Administration, Federal Highway Administration, and the State, for each type of buying activity. (See Attachment A for VCM's audit request requirements). At V/CM's request, MAS initiates the audit and uses the terms and conditions provided in either the Request for Proposal (RFP), or the executed contract, whichever is applicable, as the audit criteria. (See Attachment B for MAS Audit Practices.) Metro's RFP and the contract include provisions for the contractors to comply with the Federal Acquisition Regulation (FAR) Part 31, Contract Cost Principles and Procedures either due to Federal requirements or best practice. The FAR Part 31 is also included in the flow-down provision from the Prime Contract agreement to the Subcontractor agreement.

The increasing number of audits over the last five years correlates with the increased contracts awarded to SBE/DBE contractors. From FY 2013 through FY 2017, Metro has awarded \$587.7 million in contracts to small and disadvantaged businesses; 939 prime contracts totaling \$179.6 million, and 1,191 subcontracts totaling \$408.1 million.

A. Audit Challenges for SBE/DBE Contractors

Metro's contracts require contractors to account for and bill costs in accordance with FAR Part 31. Contractors are also required to develop indirect cost rates in accordance with FAR on an annual basis for cost reimbursable contracts. However, complying with these requirements may be challenging for SBE/DBE contractors because they may lack resources to fully comply with FAR Part 31 requirements. The development of an indirect cost rate compliant with FAR Part 31 is an area that generates discussion because many SBE/DBE contractors do not hire a Certified Public Accountant (CPA) to conduct an audit of their (1) financial statements and/or (2) indirect cost rate proposal to provide assurances in compliance with FAR Part 31. As a result, many SBE/DBE contractors are unfamiliar with the audit process and the required level of documentation to support the incurred costs. Some SBE/DBE contractors also experience difficulty pulling the supporting documents for incurred costs due to the timing difference between when the audit is initiated versus the timing when the SBE/DBE contractors incurred the expenditures. V/CM's practice is to request MAS to initiate the audit once the contractor reaches the contract incurred costs of \$750,000. For some SBE/DBE contractors, it may take a few years before this threshold amount is reached, resulting in the timing difference between audit initiation and costs incurrence.

In addition, some of the SBE/DBE contractors do not sufficiently provide evidence that costs proposed or incurred comply to Metro comply with the contract requirements. For example, incentive compensation or bonuses may have a contract requirement in addition to the FAR requirement, i.e. Bonus Plan/Policy must be in place 12 months prior to contract award. Also, due to lack of resources, some SBE/DBEs do not comply with the subcontract flow down requirements from the prime contract to the subcontract agreements. As a result, complying with their contract terms proves to be difficult and challenging to many SBE/DBEs.

B. V/CM and MAS' continuing efforts with audit of SBE/DBE

Staff have identified the following improvement opportunities:

- a. Indirect Cost Rates - As part of V/CM's procurement streamlining initiative, V/CM will research options/programs to simplify the establishment of indirect cost rates for SBE/DBE contractors. Since indirect cost rates are a topic of interest to SBE/DBEs, staff will report back on this strategy at the December Board meeting.
- b. Flow-Down - V/CM will work on minimizing the call for audits and the "flow-down" of certain provisions to the SBE/DBE community when those contractors are subcontractors to larger primes.
- c. Tracking - Measures are being put in place to improve the request process that will help monitor frequency and impacts of audits with Metro's contractors.
- d. Training - At the March 2016 Transportation Business Advisory Council meeting, MAS presented an overview of the audit process and typical audit findings. In October 2017, MAS and V/CM are also partnering to educate the SBE/DBE community on the audit process, as well as, how to adequately interpret the audit provisions of their contracts. This will be an ongoing activity initiated and coordinated by V/CM.
- e. Database of Audited Indirect Cost Rates - MAS is in the process of developing a database of all contractors' audited indirect cost rates based on completed audits from the past five years. This will allow both V/CM and MAS to quickly review whether the audited indirect cost rates can be applied to other contracts before requesting/initiating another future audit. The database will be ready for use by September 15, 2017.

NEXT STEPS

In six months, V/CM and MAS will report back to the Board on the status of all improvement opportunities.

ATTACHMENT

- A. V/CM Audit Requirements
- B. MAS Audit Practices

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Phillip A. Washington
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Requirements from VCM's policies for requesting an audit of the contractor:

Effective August 2011

VCM's Acquisition Policy and Procedure Manual, Chapter 15.17, Contract Audit Support states: "The Contracting Officer shall request assistance from Management Audit Services when the information available at the buying activity is inadequate to determine a fair and reasonable price." It is important for VCM to enact policies, procedures, and practices that are prudent to ensure compliance. Therefore, the conditions for an audit engagement are aligned with the type of procurement or buying activity as noted below. It should also be noted that the conditions outlined include steps that VCM has taken to improve the process by providing some latitude to the Contracting Officer through raising some limits for when an audit is performed, and that allows for the use of information gathered in a previously performed audit as applicable. More recent updates are also noted below by a memorandum dated April 27, 2017 that target improvements to Forward Price Contracts changes/modifications, incurred costs changes/modifications, disputes, and additional guidance regarding the use of preexisting audit information. These updates are noted under separate heading.

Conditions for Audit:

1. All **cost reimbursement type proposals** and for **all Architect and Engineer consultant contracts** funded by or through Caltrans valued \$1,000,000 or more. If not funded by or through Caltrans, the audit threshold is \$750,000. The contracting officer shall not request a separate audit of indirect costs unless the information already available from an existing audit, completed within the preceding 12 months, is considered inadequate for determining the reasonableness of the proposed indirect cost.
2. **Terminations** - Termination settlements greater than \$700,000 are subject to audit.
3. **Audit of Contract Payments** - At the discretion of the Contracting Officer, audits may be requested to determine the following:
 - Whether the contract payments are fairly supported by the value of work accomplished;
 - Whether the unpaid balance of the contract price will be adequate to cover the anticipated cost of completion, or the contractor has adequate resources to complete the contract; and
 - Whether there is any reason to doubt the adequacy or reliability of the contractor's accounting system, controls, or payment certification.

April 27, 2017 Update:

1. Forward priced contract changes/modifications of any amount do not require an audit, unless the Contracting Officer/Contract Administrator determines they are unable to perform and documents in the file an adequate cost analysis of the proposed costs.
2. Contract changes/modifications based on actual incurred cost in whole or in part, greater than \$750,000 only require an audit when the Contracting Officer/Contract Administrator is unable to validate such incurred costs or the cost proposal is of such complexity an adequate cost analysis cannot be performed and documented in the file.
3. When the parties are considering resolution of dispute or disputes, with a settlement agreement for incurred costs greater than \$500,000 the Contracting Officer/Contract Administrator will request an audit to substantiate each part of the amount before

settlement, unless an analysis is able to validate a substantial portion of each part and is accepted by the Contracting Officer/Contracting Administrator.

4. In all instances the Contracting Officer/Contract Administrator should not request a new audit effort if and when an existing audit by a cognizant audit agency, including Metro's Management Audit Services, or certified public account performed within the prior 12 months, is available to document, validate or substantiate the costs involved in accordance with FAR Part 31.

MAS Audit Practices:

1. **Audit Standards** - MAS conducts audits of contractors (SBE or Non-SBE) in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.
2. **Audit Criteria** - MAS uses the terms and conditions provided in either the Request for Proposal (RFP) for pre-negotiation/pre-award audit or the executed contract for incurred cost audit as the criteria for the audit. Additionally, both the RFP and the contract include provisions for the contractor to comply with the Federal Acquisition Regulation (FAR) Part 31, Contract Cost Principles and Procedures. The SBE can either be the Prime Contractor or the Subcontractor in the contract with Metro. Since the flow-down provision from the Prime Contract agreement to the Subcontractor agreement usually includes the FAR Part 31 requirements, the audit criteria are identical for SBE and non-SBE contractors.
3. **Audit Process** - Upon receipt of the audit request from VCM, an initial kick off meeting is held with the requesting Contracting Officer to agree on the audit objectives, timeline, and scope of the audit. Once an agreement is reached, MAS evaluates the availability of staff within the department. If staff is available, MAS initiates the audit project and assigns it to staff auditor and manager. If staff is not adequate, MAS works with VCM to procure services of consultant auditor from the audit bench. Solicitation of proposals from the audit bench and the selection of the consultant auditor follow the established procurement process for staff augmentation and/or outsourcing. Once the audit is initiated, the audit will go through the following phases:
 - a. Planning Phase - MAS sends the SBE an audit notification letter stating the audit objective, scope, timeline, and contact information of the assigned auditor. The letter also includes the request for initial documents necessary to complete the planning phase of the audit such as internal control questionnaire, copies of audited or unaudited financial statements and indirect cost rates. The planning phase includes the review of prior audit reports, determination on whether MAS can rely on the work of other auditors, preparation of the risk assessment, sampling methodology, internal control assessment, and audit work plan.
 - b. Fieldwork Phase – At the conclusion of planning, MAS performs the actual substantive/transaction testing which requires the contractors to provide relevant supporting documentation to validate the proposed costs, incurred costs, and indirect cost rates. The level of supporting documents

required from the contractors vary depending on the nature of the proposed or incurred costs (e.g. employee timesheets, payroll registers, tax returns, indirect cost rates submission) The auditors' testing are by cost elements such as direct labor, overhead, other direct costs, etc. The test results provide evidences for the auditors conclusion in determining whether 1) the costs are in compliance with the audit criteria (RFP or contract terms and FAR part 31) and 2) whether the costs are allowable, allocable to Metro contract/project, and reasonable.

- c. Reporting Phase – At the conclusion of field work, MAS holds two exit conferences 1) with the Contracting Officer/Contacting Administrator and 2) with the Contractor Management. Each of these parties receives the findings of the audit. However, the level of shared information to the contractor varies between a pre-award/pre-negotiation audit and incurred cost audit as follows:
- i. For the pre-award/pre-negotiation audit, the auditors provide the contractors the nature of the findings without sharing the actual questioned costs. This is done to avoid compromising the Contracting Officer's position during the negotiation process. MAS issues the final report only to the requestor (Contracting Officer/Contacting Administrator) who has the option to share the report with the contractor once negotiations are completed.
 - ii. For the incurred costs audit, the auditors issue a draft audit report with all the findings, associated questioned costs and the resulting over/under payment made by Metro to the contractor. The contractor is provided at least two weeks to respond to the findings however; additional time is allowed upon request. The auditors incorporate the responses received prior to the issuance of the final audit report. If the contractor provided additional information, not previously provided to the auditor, that warrant changing the auditor's findings and conclusions, the issued final audit report will reflect the resulting changes. The final audit report is issued to the requestor (Contracting Officer/Contacting Administrator) who shares the report with the contractor if requested.