



Cost Containment Working Group Board Update

April 17, 2019



Initiative announced in June 2018

Identified Major Drivers of Cost and Delay

1. Unbalanced risks
2. Layers of bureaucracy and red tape
3. Weak project management

Goal: deliver projects faster, better, cheaper

Working Group's Recommendations

1. Rebalance Risk

- More design-build
- 3rd Party Dispute Resolution
- Use incentives & penalties
- Expand competition

2. Cut Red Tape

- Cut change order processing time
- Cut submittal processing time
- Simplify specifications

3. Project Management

- Appoint project CEOs
- Aggressively manage scope expansion

Progress after 6 months

- Expanded use of Design-Build
- Sharing risk in contracts to lower bid prices
- Significant improvements in paperwork processing
- Better management of support resources
- Project “CEO” piloted on projects across all agencies

Agency Cost Containment Strategies

MTA Bus Company - Cost Containment Initiative

April 2019



Bus Company

Optimizing

Define

In Development

COST CONTAINMENT PROGRESS

- 1 Project Lead** MTA Bus has adopted new procedures to clarify that the Asst. Chief Facilities Officer functions as the Project Lead for all MTA Bus projects, and has full authority over any scope expansion requests.
- 2 Aggressive Management** MTA Bus uses state-of-the-art project management techniques to keep projects on track, including: monthly meetings with PMs to review project performance; Lessons Learned Database; Value engineering continues as job is underway; and rigorous PM training.
- 3 Cost Performance Indicator** Variance average 3.1% above award last 5 years. Budgets are controlled, Liquidated Damages and Errors & Omissions charges enforced on all jobs
- 4 Schedule Performance Indicator** 2015-2018: projects average 14% longer (2.2 months) than original scheduled duration
- 5 Program efficiency** Agency returns funds from projects coming in under budget, cost savings logged since 2011, methods for tallying aggregate savings being developed
- 6 Best Value Contract** Utilize alternative delivery methods 6 Guaranteed Maximum Price (GMP) contracts successfully implemented through NYPA when estimates come in too high from CPM; NYPA performing work under 'Construction Manager At Risk' arrangement
- 7 Contract closeout** MTA Bus Company streamlined closeout duration from average 27 months down to 6 months and 4 months duration by end of 2018
- 8 Force Account Tracking** Weekly certification of FA invoices by crew supervisors required before reimbursement, monthly reports compared against inspections
- 9 Submittal and RFI Processing** longstanding process in place to turn around submittals within 10 days of receiving from contractor
- 10 Project Management Manual** created for all Project Managers as a guideline

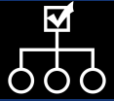





COST CONTAINMENT COMMITMENTS

And, more initiatives are committed;

- 1 Design Build** No DB projects yet (almost all projects under \$20 m) 2019: MTA bus will begin using design-build as its default procurement method for capital projects.
- 2 Change Orders** Revised log & management process under development with milestone tracking and KPI reporting by all PMs and CMs
- 3 Standardized Specification** - Specifications simplified and are being implemented on projects
- 4 Payment Processing.** MTA Bus is fully prepared to pay contractors in fewer than 30 days pending authorization from MTA CFO
- 5 MTA Bus** is establishing a system to track avoided costs due to cost containment reforms at the program level

B&T – Fully Committed to Cost Containment



Ingredients for Success		Action	Results / Success
	Empowered Leadership	<ul style="list-style-type: none"> • Project Leads utilized on all B&T Projects • Expedited decisions on scope issues 	<ul style="list-style-type: none"> • Since 2010, contingency use on completed projects averages 4%
	Organizational Alignment	<ul style="list-style-type: none"> • Coordinated interdepartmental issue resolution at senior management level 	<ul style="list-style-type: none"> • Since 2010, projects have been completed within 2% of average schedule or within one month of plan
	Integrated Management	<ul style="list-style-type: none"> • Engineering manages both Capital and Major Maintenance Programs • Capital Project Management staff are embedded at Facilities and aligned with Maintenance and Operations Departments 	<ul style="list-style-type: none"> • Minimal change orders due to added scope • Streamlined and improved change order processing time
	Master Planning	<ul style="list-style-type: none"> • Integrated Master Plan and 5 year Capital Program • Updated plans based on mandated Biennial Inspection results and Planning Studies 	<ul style="list-style-type: none"> • All Facilities are maintained in a State of Good Repair
	Use of Alternative Project Delivery	<ul style="list-style-type: none"> • Design-Build (D-B), Cost plus Time (A+B), Best Value RFP 	<ul style="list-style-type: none"> • Alternative Delivery - 53% of 2015-19 Capital Program • D-B - 24% of 2015-19 Program
	Strong Interagency/Contracting Community Partnerships	<ul style="list-style-type: none"> • Regional Interagency Program Coordination • Contractor Outreach meetings • Use of Incentives 	<ul style="list-style-type: none"> • Regional Improvements / Decreased Travel Time • Minimize Impacts to Public during Construction

- **Project Cost Performance** – *projects delivered w/in contingency*
- **Design Build** – *maximum usage of DB delivery method*
- **Project Leads** – *already implemented on 2 major projects*
- **Change Order Process Improvements** – *developed new dashboard to track change order processing time*
- **Scope, Budget and Schedule control** – *new process implemented*
- **Force Account Resource Management** – *increased efficiencies*
- **Utilization of General Orders** – *maximizing availability & usage*