

BOARD OF PUBLIC WORKS
MEMBERS

CYNTHIA M. RUIZ
PRESIDENT

JULIE B. GUTMAN
VICE PRESIDENT

PAULA A. DANIELS
PRESIDENT PRO TEMPORE

ERNESTO CÁRDENAS
COMMISSIONER

VALERIE LYNNE SHAW
COMMISSIONER

JAMES A. GIBSON
EXECUTIVE OFFICER

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
PUBLIC WORKS

BUREAU OF
ENGINEERING

GARY LEE MOORE, P.E.
CITY ENGINEER

1149 S. BROADWAY, SUITE 700
LOS ANGELES, CA 90015-2213

<http://eng.lacity.org>

December 15, 2008

Honorable Laura Chick, City Controller
Office of the Controller
Third Floor, City Hall East
200 N. Main Street
Los Angeles, California 90012

Bureau of Engineering's Response to the Performance Audit of the EOC/POC/FDC and other Proposition Q Projects and the Assessment of the City Management and Oversight of the Metro Detention Center

Dear Ms. Chick:

This letter serves as the Bureau of Engineering's (BOE) and the Bureau of Contract Administration's response to the Performance Audit of the EOC/POC/FDC and other Proposition Q Projects and the Assessment of the City Management and Oversight of the Metro Detention Center. This response includes the BOE's comments regarding the reported findings, conclusions, recommendations, and corrective actions that will be taken where warranted.

BOE is a professional engineering organization responsible for the design, bid and award, and construction management of capital improvement projects in the City of Los Angeles. BOE is currently managing more than 520 active construction projects with an estimated value greater than \$4 billion. BOE employees are directly and indirectly responsible for the delivery and management of construction projects in 14 different programs.

BOE uses the policies and procedures outlined in our Project Delivery Manual (PDM) as the basis for managing and delivering construction projects. We consider the PDM to be a living document and a significant amount of staff time and effort are spent to keep it updated and current. As the audit points out, the PDM policies and procedures conform to established criteria, and are representative of policies and procedures in place at other agencies in California. The PDM reflects the best practices learned from BOE's experience in delivering projects as well as from the ideas learned from other agencies and groups responsible for delivering construction projects, such as the California CIP Benchmarking Group which has representatives of the engineering departments from the seven largest cities in California.

Although the PDM is designed to give BOE staff the tools required to successfully manage and deliver construction projects and deliver them utilizing consistent and uniform policies and



Bureau of Engineering's Response to the Performance Audit of the EOC/POC/FDC and other Proposition Q Projects and the Assessment of the City Management and Oversight of the Metro Detention Center

December 15, 2008

Page 2

procedures, the audit found some instances where the PDM was not strictly followed. In reviewing the audit recommendations, we found that many of the recommendations provide ways for BOE to further improve the PDM and the policies and procedures used to deliver construction projects.

The attached matrix will document and provide detailed answers to each of the audit recommendations. BOE has begun implementing changes to the policies and procedures discussed in this audit response and our goal is to complete the remaining changes within 180 days, subject to staff availability. As discussed in the audit report for the Police Administration Building, several of the recommendations in the Prop Q Audit have been previously addressed.

My staff and I look forward to working with you to complete the audit of Proposition Q projects. Please contact Darryl Kitagawa at (213) 473-6212 if you have any questions or require additional information for any of BOE's responses to the audit recommendations.

Sincerely,



Gary Lee Moore, P.E.
City Engineer

GLM:DK/Prop Q Audit Implementation Response

Attachment: BOE Planned Response to the Proposition Q Audit Report Recommendations

cc: Robin Kramer, Chief of Staff, Office of the Mayor
Chris Espinosa, Deputy Chief of Staff, Office of the Mayor
Nancy Sutley, Deputy Chief of Staff, Office of the Mayor
Raymond P. Cirana, Interim City Administrative Officer
Gerry F. Miller, Chief Legislative Analyst
Cynthia Ruiz, President, Board of Public Works
Valerie Lynne Shaw, Commissioner, Board of Public Works
Karen E. Kalfayan, Interim City Clerk
Antoinette D. Christovale, Director, Office of Finance
Christopher Westhoff, Assistant City Attorney
Deborah J. Weintraub, Chief Deputy City Engineer
Vincent Jones, Bureau of Engineering
John Reamer, Inspector of Public Works

BOE PLANNED RESPONSE TO THE PROPOSITION Q AUDIT REPORT RECOMMENDATIONS

EOC/POC/FDC and Other Proposition Q Project Audit Recommendations and Planned Response						
Finding No.	Priority	Finding	Recom. No.	Page Ref.	Audit Recommendation	Planned Response
1	N	THE DATA/COMMUNICATIONS SYSTEMS DESIGN OF THE EOC/POC/FDC FACILITY WAS NOT INTEGRATED WITH THE BUILDING DESIGN AND CONSTRUCTION. THIS HAS RESULTED IN ADDITIONAL COSTS ESTIMATED BETWEEN \$5 AND \$6 MILLION	1	III-2	The City should utilize an integrated design approach for capital improvement projects, especially those projects such as the EOC/POC/FDC with multiple end users and high information technology requirements. Stakeholders and building end-users should be involved in the information technology design review and early planning meetings.	The City Engineer has issued a letter dated December 4, 2008 to the CAO, CLA and the Office of the Mayor. This communication to the City's policy makers forwards the Proposition Q Audits Finding No. 1, Recommendations No. 1 and 2, and Recommendation No. 28, Item No. 1 and 2, for their consideration of strategies to implement these recommendations.
	N		2	III-2	The City should utilize systems design teams especially for multi-client projects. These teams can operate similar to the PSSP team; however, the design team would report to an oversight committee similar to the AOC and be formed once the design consultant for the building is selected. The design team can be developed to ensure the design elements are properly addressed throughout the conceptual, schematic, and design development phases. The design team's deliverables (i.e., IT systems design) would be incorporated into the construction project schedule.	The City Engineer has issued a letter dated December 4, 2008 to the CAO, CLA and the Office of the Mayor. This communication to the City's policy makers forwards the Proposition Q Audits Finding No. 1, Recommendations No. 1 and 2, and Recommendation No. 28, Item No. 1 and 2, for their consideration of strategies to implement these recommendations.
2	N	BOE DID NOT PROVIDE DETAILED CONSTRUCTION ESTIMATES TO ON-CALL ARCHITECTURAL & ENGINEERING FIRMS FOR THE PURPOSE OF TASK ORDER NEGOTIATION	3	III-3	A procedure and criteria should be established for the development of initial cost estimates for programming/budgeting purposes. The criteria should include the use of historic data along with a basic analysis of the similarity of systems to be included in the facility, any significant change in the size of the facility, market and/or bidding conditions, uncertainties about the site, and the anticipated duration of the project. The estimates should breakdown the individual components of costs.	BOE will assemble a working group to develop guidelines for program development and budgeting purposes. The guidelines will eventually be placed in Procedure 3.7 of the Project Delivery Manual (PDM).
	N		4	III-4	For complex projects, the BOE should consider the use of an independent estimator.	As responded to on the PAB audit, BOE will implement this recommendation for projects with an estimated construction value greater than \$100 million. Appropriate changes to Procedure 3.7 of the PDM have been made to implement this recommendation.
4	N	LACK OF WRITTEN DOCUMENTATION IN BOE PROJECT FILES TO SUPPORT THAT REFERENCE CHECKS WERE PERFORMED FOR SELECTION AND AWARD OF ALL PROFESSIONAL SERVICE CONTRACTS	5	III-5	The BOE should complete and document preliminary reference checks for all responsive proposers, or in the event the list is too large, at a minimum for the short-listed firms. The checks should be noted in the City's database and also with the references that are included in the proposal.	Procedure 6.4 of the PDM will be updated to reflect the need to conduct and document preliminary reference checks for short-listed consultant firms. A form with recommended questions for use by the PMs/Contract Managers while conducting reference checks will be placed into PDM Procedure 6.4. BOE will provide information from the reference checks to the Bureau of Contract Administration (BCA) for inclusion in the City's Centralized Contracting Database. PDM Procedure 6.4 will also be modified to require PMs/Contract Managers to keep the form in the project files.
	N		6	III-6	References listed should be queried as to other available work the firm has done to broaden the reference base. These reference checks should be scheduled calls with a standard list of questions to be addressed. This information should be documented in writing and provided to the evaluation panel.	See response to Recommendation No. 5 above. Information from the reference checks will be made available to the selection panel and will be placed into the contract files. Procedure 6.4 will be updated to reflect this requirement.
	N		7	III-6	BOE staff should carefully review each proposer's experience and document these activities in a standardized log for each solicitation.	See response to Recommendations No. 5 & 6 above.
5	N	INFORMATION PROVIDED ON RESPONSIBILITY QUESTIONNAIRE WAS NOT TAKEN INTO ACCOUNT BY BOE IN EVALUATION OF ON-CALL A/E CONSULTANT	8	III-7	The Bureau of Contract Administration should ensure that Qualifications Statements and other submittal requirements are provided at the time the bid or proposal is submitted as required by City solicitations. If proposals are incomplete, declare them as "nonresponsive", as they should not be considered for award.	The Bureau of Contract Administration's (BCA) Special Research Investigation section will document our recommendations when content of the CRO Questionnaires is considered non-responsive. At this time, BCA provides recommendations and consulting services to any department asking our opinion on the status of the questionnaire. SRI Staff will implement an advisory communication from which will be returned to an awarding authority advising that staff of any issues regarding form and content received by this office. This advisory will be stored and maintained in the Bureau's database for future reference and its contents will be public information.
6	N	THE PROGRAM/CONSTRUCTION MANAGEMENT AGREEMENT DID NOT LIMIT THE MARK-UP APPLIED TO SUBCONTRACTOR LABOR RATES, RESULTING IN EXCESSIVE MARK-UP	9	III-8	Consistently apply terms limiting subcontractor mark-ups to all professional services agreements. The BOE and Bureau of Contract Administration should review current City professional services contracts and determine if these contracts can be amended to limit subcontractor mark-up to 5%.	Article 10.1.4 of BOE's current Standard Consultant contracts (Article 10.1.3 or the Hourly Billing Contract) limits administrative fees for subcontracts to 5%. Section 10.1.4 reads as follows: "Subcontract Expenses shall be the actual amount paid by CONSULTANT to subconsultant for their services to the CITY plus an administrative fee of five (5) percent. A maximum fee of five (5) percent may also be applied to the actual amount paid to consultants below the tier of subconsultant". PDM Procedure 6.6 will be modified to emphasize that BOE staff use the latest Standard Contracts available from the Project Award and Control Division and that mark-ups applied to subconsultant labor rates are limited to a maximum of 5%. This will ensure that subconsultant labor rate markups are consistently applied to BOE contracts.
	N		10	III-8	Ensure contract templates for professional services include subcontractor rate schedules as well as articles to limit subcontractor mark-up.	BOE will consider requiring consultants whose subconsultant billing rates reaches a fee percentage of the contract yet to be determined and/or the contract amount is an amount more than an amount yet to be determined, be asked to submit subconsultant labor rate tables with their proposals. For subcontractor markup please see Recommendation No. 9 above.

BOE PLANNED RESPONSE TO THE PROPOSITION Q AUDIT REPORT RECOMMENDATIONS

Finding No.	Priority	Finding	Recom. No.	Page Ref.	Audit Recommendation	Planned Response
7	D	BOE CAN IMPROVE THE OUTREACH PROCESS	11	III-9	The BOE should consider expanding its existing contractor outreach activities and develop and document a formal contractor outreach program.	BOE staff currently attends local contractors events including outreach events conducted by the City of Los Angeles' Bond Assistance Program consultant, the California Construction Exposition and contractor outreach events held by the Los Angeles Unified School District. BOE will continue to attend local contractor events and will attempt to find additional events. The results from BOE's contractor survey show that 77% of the respondents rate the Department of Public Works contractor outreach as Good or Excellent. Only 16% of the results said that the contractor outreach needs improvement. BOE will review and consider the recommendations from the survey respondents about conducting additional outreach events. Further actions may be taken depending on the survey recommendations.
8	N	THE METHODOLOGY USED TO ASSIGN TASK ORDERS TO ON-CALL A/E DESIGN FIRMS LACKED PRE-ESTABLISHED SELECTION CRITERIA AND RECORDS OF THE TASK ORDER ASSIGNMENT SELECTION PROCESS. THIS PRACTICE LIMITS TRANSPARENCY AS ASSIGNMENTS CAN BE CHALLENGED AS UNFAIR OR BIASED.	12	III-11	The BOE should establish a formal policy that requires the assignment of Task Orders for individual projects to on-call design firms through an open, competitive process. This policy should also define requisite documentation to support award decisions.	BOE will provide clarification in the PDM Section 6.13 regarding the the assignment of Task Orders to On-Call consultants and clearly define what should be included in the selection record for the task order assignment as documentation of that process.
9	D	NOTICES TO PROCEED WERE ISSUED BY BOE PRIOR TO COUNCIL APPROVAL OF CONTRACTS	13	III-12	BOE should seek an expedited contract approval process.	As responded to on the PAB audit, the general policy in BOE is that consultants do not start work on a project before there is an executed contract with the consultant. However there are circumstances where it is advantageous to the City to request that work be initiated before a contract has been executed. BOE consulted with the City Attorney and their opinion is that current State Contract Law is very clear that the City is not liable for payment of work performed prior to an executed contract. The PDM will be modified to discuss the probability of having a consultant start before a contract is fully executed. This may only be done with the authorization of the appropriate Deputy City Engineer, the City Engineer, the Board of Public Works and any oversight committee overseeing the project. The consultant will be informed in writing that the City does not have a contract with them to do the work on the project, that there is no guarantee that the City can pay them for work done before a contract is executed, and that they will be doing the work at their own risk with the possibility that they will not be reimbursed for the work done prior to an executed contract. A sample letter to the consultant, approved by the City Attorney, has been included in the PDM Procedure 6.7.
	D		14	III-12	BOE should formalize its policy regarding limited issuance of Notices to Proceed for projects that require immediate commencement.	As responded to on the PAB audit, the general policy in BOE is that consultants do not start work on a project before there is an executed contract with the consultant. However there are circumstances where it is advantageous to the City to request that work be initiated before a contract has been executed. BOE consulted with the City Attorney and their opinion is that current State Contract Law is very clear that the City is not liable for payment of work performed prior to an executed contract. The PDM will be modified to discuss the probability of having a consultant start before a contract is fully executed. This may only be done with the authorization of the appropriate Deputy City Engineer, the City Engineer, the Board of Public Works and any oversight committee overseeing the project. The consultant will be informed in writing that the City does not have a contract with them to do the work on the project, that there is no guarantee that the City can pay them for work done before a contract is executed, and that they will be doing the work at their own risk with the possibility that they will not be reimbursed for the work done prior to an executed contract. A sample letter to the consultant, approved by the City Attorney, has been included in the PDM Procedure 6.7.
10	D	CHANGE ORDER DOCUMENTATION NOT PERFORMED BY BOE ON A TIMELY BASIS	15	III-13	BOE management should emphasize the need to create and maintain documentation of the negotiations process (Memoranda of Negotiations). BOE should require that all negotiations be documented in writing using a standard list of items included in the memorandum.	BOE will create a sample Memorandum of Negotiations and a standard list of recommended negotiation items. Procedure 20.3 of the PDM will be updated to reflect the sample Memoranda of Negotiations and the recommended negotiation list for change orders. PMs will be directed to keep all negotiation documentation in the contract files.
	D		16	III-13	Project Management training and periodic file reviews should be continued to ensure that such protocols are followed.	BOE's Project Management Training is ongoing. As a result of the PAB audit, periodic file reviews are conducted by the BOE Project Award and Control Division.
12	D	NO DOCUMENTATION FOUND IN BOE FILES TO SUPPORT VALUE ENGINEERING WORK UNDER ARCHITECTURAL & ENGINEERING CONTRACT	17	III-15	The addition of specific tasks to be performed and paid, as well as negotiation for such work, should be properly documented within the contract files by the BOE Project Manager.	BOE's PDM Procedure 6.5 covers Consultant Contract Negotiations and documentation requirements in detail. BOE staff is trained on all PDM procedures and will be reminded of these requirements during training. PMs are trained on these requirements in the PM Training Course.
	D		18	III-16	BOE should included "Terminating Agreements" to the current project management training. Project managers and other BOE staff involved in the contract administration process should be provided training related to contract and task order terminations.	Article 8 of BOE's Standard Contracts covers contract termination for consultant contracts. Procedure 6.8 of the PDM will be modified to highlight this Article and to re-emphasize the need to follow all contract clauses while managing consultant performance.
	D		19	III-16	A formal policy should be developed for actions to be taken upon the termination of a Project Task Order.	See response to Recommendation No. 18 above.

BOE PLANNED RESPONSE TO THE PROPOSITION Q AUDIT REPORT RECOMMENDATIONS

Finding No.	Priority	Finding	Recom. No.	Page Ref.	Audit Recommendation	Planned Response
13	N	REVIEW OF CONSTRUCTION & PROJECT MANAGEMENT SUBCONTRACTS NOT PERFORMED BY BOE	20	III-17	Subcontracts should be requested from prime contractors and reviewed to determine if subcontract terms and conditions are adequate, labor rates are reasonable, amount of any subcontractor mark-up billed by prime contractor is reasonable, and that subcontractors are not allowed to also mark-up second-tier subcontracts, thus avoiding a double mark-up of second-tier subcontractor's costs.	BOE has received a clarification letter from the City Attorney, dated October 6, 2008, indicating that Article 9 of the contract language was intended to require the City approve the addition of of the subconsultant firm, but not to approve or review the prime consultants "contracts" with the subconsultants. The intent was to prevent the prime from utilizing a subconsultant without the prior approval of the City. The City remains in "privity of contract" with only the prime consultant and does not have a direct legal or contractual relationship with the subconsultant. The City Attorney further determined that there would be no legitimate purpose for the City to have a copy of the actual written contracts between the prime and subs. To avoid any possible confusion regarding the intent of Article 9, the term "subcontracts" has been approved by City Attorney to be changed in future contracts to "subconsultants". The specific language will read: "The CONSULTANT is required to provide the CITY a list of all subconsultants including the name and address of the firm. Refer to Exhibit () for CONSULTANT and subconsultant information. CONSULTANT must obtain prior approval from the ENGINEER before entering into any subcontracts. Wholly-owned subsidiaries of CONSULTANT shall not be considered subconsultants. Exhibit () is not exclusive and upon written request by the CONSULTANT, additional subconsultants may be added with the approval of the ENGINEER. Substitution of any subconsultant requires approval from the BOARD."
14	D	REPORTING OF EOC/POC/FDC LAND ACQUISITION COSTS NEEDS CLARIFICATION	21	III-18	The Budget and Expenditures reported for EOC Land Acquisition in the Prop Q reports should be footnoted to reflect the identification of approximately \$8.7 million as source of funds for other Prop Q projects.	A clarification footnote to the EOC Land Acquisition budget line to identify the \$8.7 mil has been included in the Proposition Q Annual Report 2008 as submitted to and approved by the Administrative Oversight Committee (AOC) on November 20, 2008.
15	D	EXPENSE FOR THE PREPARATION OF THE PUBLIC SAFETY MASTER PLAN DOES NOT APPEAR TO BE AN APPROPRIATE USE OF THE CONTRACT'S REIMBURSABLE ALLOWANCE	22	III-20	The BOE should clearly define the items included under the "Other Direct Costs/Reimbursable" category. These items should not include professional services.	As responded to on the PAB audit, the current Standard Contracts contain a detailed explanation of "Other Direct Costs" in Article 10.1.3. To avoid confusion in future contracts, only the term "Other Direct Costs" shall be used instead of the term "Reimbursable Expenses". Other Direct Costs is well defined in the current Standard Contract.
	D		23	III-20	The BOE should incorporate the proper use of Article X into Project Management training.	Article 10 will be emphasized in the PM Training Class.
16	D	BOE'S CHANGE ORDER FILE DOCUMENTATION DID NOT ALWAYS DOCUMENT THE NEGOTIATED PRICES	24	III-21	Finalize the revisions to the Project Delivery Manual regarding negotiating and documenting the change order process, including clarifying the requirements for an independent estimate.	See response to Recommendations No. 4 and 15 above.
17	N	PRE-ESTABLISHED LABOR RATES FOR CHANGE ORDERS WERE NOT USED BY BOE FOR SOME LUMP SUM CHANGE ORDERS	25	III-22	BOE staff should ensure that negotiated labor rates are consistent with pre-established rates based on actual labor costs including benefits, payroll taxes and worker's compensation costs.	BOE will develop a policy and will document it in PDM Procedure 20.3.
	N		26	III-22	Negotiations should be properly documented to record the basis for costs and prices established by BOE.	See response to Recommendations 15 and 25 above.
18	D	THE PROCESS FOR ESTABLISHING CONTRACTOR CHANGE ORDER LABOR RATES SHOULD BE IMPROVED	27	III-23	In analyzing labor rates, BOE should recognize the differences resulting from application of employer taxes on total wages, and current workers' compensation rates.	See response to Recommendation No. 25.
	D	The BOE should consider implementing the best practices recommendations listed in Appendix B.	28	App B	The BOE should consider implementing the best practices recommendations listed in Appendix B.	
	D		28.1		1. Future City bond programs should consider including other key elements of capital improvement projects in the bond coverage. These items could include the systems requirements, training related to bond program issues, publication of bond program procedures and guidelines, and costs for auditing the program.	The City Engineer has issued a letter dated December 4, 2008 to the CAO, CLA and the Office of the Mayor. This communication to the City's policy makers forwards the Proposition Q Audits Finding No. 1, Recommendations No. 1 and 2, and Recommendation No. 28, Item No. 1 and 2, for their consideration of strategies to implement these recommendations.
	D		28.2		2. Project Management Teams should have the authority and responsibility for managing all components of the construction project, including the design of the building and systems; the installation of systems, IT cabling, HVAC, and construction of building.	The City Engineer has issued a letter dated December 4, 2008 to the CAO, CLA and the Office of the Mayor. This communication to the City's policy makers forwards the Proposition Q Audits Finding No. 1, Recommendations No. 1 and 2, and Recommendation No. 28, Item No. 1 and 2, for their consideration of strategies to implement these recommendations.

BOE PLANNED RESPONSE TO THE PROPOSITION Q AUDIT REPORT RECOMMENDATIONS

Finding No.	Priority	Finding	Recom. No.	Page Ref.	Audit Recommendation	Planned Response
	D		28.3		3. Independent cost estimators should be considered to assist BOE with construction cost estimates.	As responded to on the PAB audit, BOE has implement this recommendation for projects with an estimated construction value greater than \$100 million. Appropriate changes to Procedure 3.7 of the PDM have made to implement this recommendation.
	D		28.4		4. Pre-award audits should be conducted for professional services contracts. This would provide the City with an understanding of consultant and subconsultant indirect rate structure, labor rates, other direct costs, and mark-up rates.	BOE will review the LAUSD pe-award audit procedure referenced in the Appendix B Benchmarking Table and consider implementation.
	D		28.5		5. Additional project delivery methods should be considered for capital projects that are considered complex and have firm schedules such as those covered under the Prop Q bond. The City of Seattle utilized a General Contractor/Construction Manager delivery method approach for their EOC project.	As responded to on the PAB audit, BOE staff met with the City Attorney on April 18, 2008 to discuss this recommendation. According to the City Attorney's Office, the current City Charter does not allow the use of Construction Manager at Risk as a project delivery method for the City of Los Angeles. The City Charter must be changed by a majority vote of its citizens for this option to be legally available to BOE. BOE will work with the City Attorney and the Board of Public Works to investigate the feasibility and possible advantages of using the Construction Manager at Risk approach to project delivery. If the investigation concludes that the Construction Manager at Risk is a viable alternative for project delivery within the City of Los Angeles, a City Charter change may be pursued with the City Attorney and the City's Chief Administrative Officer.
	D		28.6		6. Require contractors to submit detailed cost proposals broken down by cost element.	BOE currently receives detailed design lump sum cost proposals broken down by cost element by the design consultant.
	D		28.7		7. Use of standard contract templates to ensure appropriate terms and conditions are included in all contracts.	BOE has already has in place standard contract templates to ensure appropriate terms and conditions are included in all contracts.
	D		28.8		8. Expand role of the Bureau of Contract Administration to provide contract administration support services for construction projects. Resources should be knowledgeable of public sector contract administration principles.	BOE is already the assigned by the Board of Public Works as the responsible entity for the contract administration of all design and construction contracts related to contract administration tasks as identified in the details of this audit, including contract negotiations, change order negotiations, rates negotiations, and reference check documentation. These items are individually covered in the preceding recommendations within this audit.
	D		28.9		9. Expand Project Management training to include contract administration activities such as negotiations, cost and price analysis, record keeping, change order management, and terminations.	BOE will consider a separate class on negotiations. BOE already has established procedures in place in the PDM, Section 2.2, in the General Requirements of the contract specifications, Section 01254, in the General Conditions of the contract specifications, Sections 00404, 00405, and 00500. However, BOE will review policies and procedures and revise the PDM as appropriate.

BOE PLANNED RESPONSE TO THE PROPOSITION Q AUDIT REPORT RECOMMENDATIONS

Finding No.	Priority	Finding	Recom. No.	Page Ref.	Audit Recommendation	Planned Response
-------------	----------	---------	------------	-----------	----------------------	------------------

Metro Detention Center Audit Recommendations and Planned Response

Finding No.	Priority	Finding	Recom. No.	Page Ref.	Audit Recommendation	Planned Response
1		BOE made critical decisions throughout the MDC procurement process with inadequate cost estimates. The problem with the cost estimates was not an isolated incident.	1	10	Explore the latest cost estimating technology that can be used to enhance the accuracy of cost estimates for BOE projects.	When the City has additional revenue, BOE will consider this recommendation.
			2	10	Consider establishing a team of trained cost estimators in-house to perform detailed estimates to be used for soliciting, negotiating, and managing the costs of large scale construction projects; or, at a minimum, establish specific, detailed requirements for estimates prepared by consultants who are independent from the design firm.	The current BOE budget does not have funding or staffing for an in-house cost estimating team. BOE will consider this in the following budget cycle.
2		MDC and other projects were awarded based on a single bid received.	3	14	In addition to considering input from surveyed prime contractors and implementing additional project delivery strategies, BOE should improve their outreach to the construction contracting community by:	
			3.1		<ul style="list-style-type: none"> Having a regular, strong presence in the construction community, such as participating in trade shows and other industry events, with the purpose of informing firms of the City's long-term plans regarding major capital projects. 	BOE staff currently attends local contractors events including outreach events conducted by the City of Los Angeles' Bond Assistance Program consultant, the California Construction Exposition and contractor outreach events held by the Los Angeles Unified School District. BOE will continue to attend local contractor events and will attempt to find additional events. The results from BOE's contractor survey show that 77% of the respondents rate the Department of Public Works contractor outreach as Good or Excellent. Only 16% of the results said that the contractor outreach needs improvement. BOE will review and consider the recommendations from the survey respondents about conducting additional outreach events. Further actions may be taken depending on the survey recommendations.
			3.2		<ul style="list-style-type: none"> Regularly publishing, through hardcopy and web notification, the City's long term plans for potential upcoming projects. 	BOE has already implemented this recommendation. A list of Anticipated Construction Projects scheduled for bid during the next year is posted on BOE's web page at the following address: http://eng.lacity.org/contractors/Planned_BOE_Awards_2009.pdf . A link to the latest BOE Master Schedules is also posted at the following address: http://eng.lacity.org/masterschedules/index.cfm . This gives a three year schedule of projects by program for contractors interested in upcoming projects. Staff will continue to post current bidding opportunities both on BOE's web page and on the Los Angeles Business Assistance Virtual Network. Projects are also listed in the BOE Internet website address: http://eng.lacity.org/techdocs/spsc/index.htm
			4	15	Enhance the BOE website to simplify the informational research process for the construction contracting community, by:	
			4.1		<ul style="list-style-type: none"> Including general information on planned construction projects with a multi-year lead time, and 	See response to recommendation No. 3.2 above.
			4.2		<ul style="list-style-type: none"> Segregating projects currently released for bid by size or range of costs. 	BOE may consider this recommendation but we believe that the list of projects scheduled for award (see response to 3.2) is small enough that it is easy for contractors to find information on all available projects, regardless of size. BOE staff has already included a link to the Master Schedules for BOE programs on the Contractors link on BOE's Internet page. A link to BOE's Master Schedules is now included in the Contractor Tab section of BOE's web page. The Master Schedules are organized by program and allow contractors to view a three year schedule of projects.