

# QUALITY MANAGEMENT SERVICES FOR THE GREEN LINE EXTENSION (SOUTHWEST LRT) CONTRACT AUDIT

*PROGRAM EVALUATION AND AUDIT*

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November 17, 2020

# INTRODUCTION

## Background

The Metropolitan Council (Met Council)'s METRO Green Line Extension (SWLRT) will provide light-rail service between downtown Minneapolis, the University of Minnesota, St. Paul, and the southwest metro communities. To help ensure that the project is completed on time, on budget, and within the acceptable level of quality, the Met Council awarded a Quality Management Services (QMS) contract for the project to a third-party vendor (the contractor).

The contract was issued with a not-to-exceed amount of \$36 million for services provided until December 31, 2022. Under the terms of the contract, the contractor is responsible for providing quality control while supporting the Met Council's quality assurance and oversight verification functions.

## Objective

The audit objective was to assess the contractor's compliance with the contract provisions and the associated compliance controls. This includes, but was not limited to, deliverables, invoices, observations, and services charged under the contract.

The audit also considered the Met Council's *Thrive MSP 2040* principle of *Accountability* and outcome of *Stewardship*. *Accountability* includes a commitment to evaluate the effectiveness of policies and practices, while *Stewardship* addresses the responsible management of the region's financial resources. This audit considered both values as it reviewed the controls for ensuring the contractor is adhering to the contract, and that the Met Council's dollars are spent in accordance with the contract.

## Scope

This audit covered activities, documents, and staff pertaining to the contractor's compliance with contract deliverables, and compliance with applicable Federal Transit Administration (FTA) clauses. These activities included monitoring of contract staff, construction observations, and other controls for ensuring contract clauses are met.

The period of review was any activities that have taken place since the Notice to Proceed (NTP) was issued on November 29, 2018 to October 14, 2020.

## Methodology

Staff conducted interviews with employees and performed a desk review of procedures, controls, and their associated documentation. Project office staff were informed of our progress throughout the audit and issues were communicated to them as they were identified.

# FINDINGS

The results of our review of the QMS Contract are presented below.

## General Contract Provisions

Our review found that the contractor is compliant with the general provisions of the contract including:

- maintaining proper insurance,
- completing proper training,
- submitting alcohol and drug use plans, and
- beginning work only upon the issuance of the NTP.

## Deliverable Contract Provisions

Our review found that the contractor is compliant with the deliverable provisions of the contract including:

- designating a qualified full-time employee responsible for Quality Assurance,
- work performed by the consultant is within the scope of contract,
- conducting daily on-site reviews of work in progress,
- advising the Met Council regarding issues of failure, omission, rejection, and inspection,
- submitting pile driving reports,
- submitting daily reports, and
- making daily observations.

While the contractor is compliant with the general and deliverable contract provisions, we identified an issue with resolution of construction observations (COBs).

## Delays in finishing Construction Observations

Construction observations (COBs) are performed by the contractor and then reviewed by Met Council staff. While reviewing COBs, we found 4,107 out of 6,726 (61%) were still open after 90 days. For all COBs not just those done by the Contractor. Part of the delay in moving the COBs to the finish step is the volume of COBs. Further, there is no requirement on the part of the Southwest Project Office to close out COBs in a certain amount of time. As the project continues and the volume of COBs continues to increase, it is important that COBs are reviewed in a timely manner so that corrections, if necessary, can be made as soon as possible.

## Recommendations:

1. **(Essential)** Regular review of COBs that have not been reviewed and moved to the finish step within a certain amount of time of being created.

**Management Response:** The Council's CARs and ACARs are responsible for regularly reviewing QMS produced COBs for general detail and depiction of construction work at each active construction site. The Construction Managers, CARs, and ACARs have been notified of the COB back log and reminded of the obligation of maintaining up to date COBs in eBuilder. The CARs and ACARs will focus on the new COBs (COBs < 90 days old) and gradually attack

the older COBs (COBs > 90 days old) to bring the COB reporting up to date. The Construction Managers will discuss progress with the CARs at their weekly Monday staffing meeting. The CARs and ACARs will discuss progress at their weekly Thursday staffing meeting. Construction staff has set a goal to complete the back log of COBs by the beginning of the next construction season, April 1, 2021.

**Timetable:** April 1, 2021

**Staff Responsible:** Construction Managers (CMs), Council Authorized Representatives (CARs), Assistant Council Authorized Representatives (ACARs)

**Thrive 2040 Principle:** Stewardship.

## CONCLUSIONS

Our review found that the contractor is following the general and deliverable provisions of the contract. However, the construction observations (COBs) are not finished in a timely manner. Establishing controls to ensure COBs are reviewed will be important in ensuring the project goals are met and any corrections can be made as soon as possible.

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