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MANAGING THIRD PARTY RISKS TO YOUR PROJECT

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Annual Meeting

OVERVIEW

- What are Third Party Agreements?
- Who is responsible for them?
- Why do they Impact project performance?
- How to manage the risks?
- Where do we go from here?



WHAT ARE THIRD PARTY AGREEMENTS?

- Agreement needed for capital project financing, design, permitting, construction, or operations & maintenance
- Not with primary providers
 - E.g., consultants/or contractors performing work directly for the owner
- Permits are not agreements, but may require an agreement with the permitting party



WHAT ARE THIRD PARTY AGREEMENTS?

Critical Agreements:

Agreements that are required before design, construction or operations can begin

- Funding and financing.
- Required for permits.
- Agreement for work by others
- Right of way
- Regulatory compliance
- Safety and security
- Operations and maintenance
- Interlocal/interagency agreements
- Utilities



WHO IS RESPONSIBLE FOR THEM?

- Assigns experienced technical leads and staff with time to manage and execute agreements.
- Work with jurisdictional partners, utilities, regulatory agencies, and institutions, particularly during environmental & planning phase.
- Develops term sheet, or outline for each agreement early in consultation with Legal.



WHY DO THEY IMPACT PROJECT PERFORMANCE ?

- Construction on the station platform in the City's ROW at risk due to lack of a leasing agreement.
- Encroachment permit is on hold by the State Department of Transportation to build in their ROW due to lack of a cooperative agreement.



WHY DO THEY IMPACT PROJECT PERFORMANCE ?

- An environmental agency is holding approvals to permit construction because an agreement to purchase mitigation land in exchange for the impacted open space is not in place.
- A railroad is not allowing operations due to delays in executing an agreement assuring them on compliance with ROW rules.



HOW TO MANAGE THE RISKS?

- Assign resources with relevant experience
- Use a matrix to track progress.
- Incorporate agreements as activity in Master Project Schedule.
- Communicate details to the team.
- Track critical agreements on the risk register, conducts focus risk workshops, and develop mitigation measures.

HOW TO MANAGE THE RISKS?

- Environmental Phase (critical)
 - Screen out third-party-intensive alternatives.
 - Proactively identify and screen utility conflicts.
- Project Development Phase
 - Flesh out detail on third-party and utility impacts.
 - Track in risk register with specific mitigation measures; use road maps for receiving required permits.



HOW TO MANAGE THE RISKS?

- Engineering Phase
 - Bring critical agreements to closure by the end of this phase.
- Prior to Grant Agreement
 - Assure agreements do not give up satisfactory continuing control.
 - Evaluate commitments made are within the scope, cost, and schedule.



HOW TO MANAGE THE RISKS?

- Prior to Construction
 - Critical agreements are required before construction.
- Prior to Revenue Service
 - Occupancy permits and/or safety certifications may require prior agreements.
 - System maintenance may require agreements with partner agencies and/or ROW owners.



WHERE DO WE GO FROM HERE?

- Lead and assign ownership early
- Assign adequate experienced resources.
- Evaluate third party agreement needs.
- Fully engage third party partners.
- Include third party agreements in risk register and the schedule.
- Use tracking matrices to manage.

