

NYC's transit agency transfers 430 workers to construction division, ConstructionDive, ft. Erik Ortmann

Erik Ortmann, partner and vice chair of KD's Construction Practice Group, was featured in Kim Slowey's article published in ConstructionDive - December 13, 2019.

As part of its Transformation Plan, New York City's Metropolitan Transportation Authority (MTA) is transferring 430 employees to the agency's new Construction and Development department. Until now, the MTA's capital projects have been handled by construction personnel within its divisions, such as the Long Island Rail Road, New York City Transit and Metro-North Railroad. The new department, according to the Transformation Plan, will help the MTA pursue alternative project delivery methods, including design-build.

Project CEOs will usher each project from concept to close-out and will determine project delivery methods, with maximization of design-build; try to increase competition among suppliers; bundle projects with the objective of lowering costs and maximizing value from subs and suppliers; streamline specifications and reduce the number of custom-designed projects.

The emphasis on design-build, said attorney Erik Ortmann, vice-chair of the construction law practice at Kaufman Dolowich Voluck LLP in New York, ties into a mandate laid out in the details of the MTA's budget. Any project worth more than \$25 million must use design-build. The MTA, he said, believes that using design-build will speed projects along, but it also has the benefit of shifting more risk to their contractors.

Also part of reducing risk are the MTA's new debarment regulations, Ortmann said, which are new rules that many contractors oppose. Within certain parameters, contractors that are delayed in delivering their work or that submit invalid claims will be debarred from performing agency work for five years.

As for the rest of the MTA's Transformation Plan, the contractors that he deals with are taking a wait-and-see approach. "It's still brand new," he said, "I think they're optimistic that you'll have people who are professional, who want to move things forward and maybe less red tape."

"New York City has an aging infrastructure that's very well used and, as a result of that, has wear and tear and has to be maintained and modernized," Ortmann said. "The challenge that they've had, in addition to labor costs being relatively high, is getting this all fixed at a cost that isn't going to be impossible to bear. I'm not sure that it's a challenge that is ever going to be fully resolved."