SUPER TURNKEY

"Grantees can also consider use of vendor financing in procurements, such as super turnkey."

The "Super Turnkey" process (authorized in Section 3019 of ISTEA) is one where the project engineers or project management consortium undertake to build, operate for a time, and transfer a facility to the purchasor. In such a situation, purchasing, deliveries, scheduling, and other critical aspects of the project are directed by the same entity — a Turnkey Manager. As a result, construction delays, start-up difficulties, disagreements about change orders and project timing are minimized, resulting in lower project costs and reduced litigation.

One modification to this "Build/Operate/Transfer" (BOT) process is where the consortium also arranges to provide financing. This technique may be attractive for smaller grantees who may not have the credit history to minimize their borrowing costs. The Turnkey Manager may assist with project financing by accepting delayed compensation (e.g., postponement of progress payments), credit enhancements such as an insured line of credit, or even total project financing through the issuance of their (the consortium's) own bonds. While these financing methods do cost something, they may allow a new transit project to proceed in a timely manner, thus generating time and project savings well in excess of the financing cost.

The Gateway Center in Los Angeles was built on a turnkey basis, with the turnkey manager retaining significant project management responsibility. The Gateway Center provides a multimodal link between intercity trains, the Los Angeles Metro,

and bus service. The building erected above the center houses the headquarters of the Los Angeles County Metro (LACMTA) the transit operator.

The significant benefit from this particular turnkey project was that it allowed the Turnkey Manager, by contract, to make a wide variety of day-to-day management decisions without having to consult with LACMTA or the other project partners. This ensured that the project would be completed on time and within budget. Today, the Gateway Center is a major transit hub, with an attractive retail center on the ground floor which provides restaurants, entertainment, and shops for the hundreds of thousands of transit patrons who pass through its doors.

THIS IS THE SUBWAY PLATFORM AT THE GATEWAY CENTER