



Metro


Los Angeles County
Metropolitan Transportation Authority


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MAY 5, 2014

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY 
CHIEF EXECUTIVE OFFICER

FROM: WILLIAM L. FOSTER 
INTERIM CHIEF OPERATIONS OFFICER

**SUBJECT: INITIATION AND PROCESSING OF CONTRACT
MODIFICATIONS**

ISSUE

In response to a request from Director Dupont-Walker, this Board Box describes how Contract Modifications (CM) to the P-3010 contract for Light Rail Vehicles are initiated and executed.

BACKGROUND AND DISCUSSION

The P-3010 contract with Kinkisharyo for new Light Rail Vehicles (LRV) includes a comprehensive contract modification process that can be initiated by either Metro or Kinkisharyo. The process is intended to provide an effective, orderly and transparent process to implement required or desired contract changes that materially change the scope, terms, delivery schedule or cost of the contract.

The contract change process elements include a formal Request for Information (RFI), a joint review response, an Independent Cost Estimate review of the proposed change and depending on the estimated cost, an Independent Audit review. Finally, it includes a formal Contract Change approval implementation agreement.

All Contract Modifications require complete project team review for merit and implementation agreement. Those changes that have an implementation agreement, require an Independent Cost Estimate, and the review and approval by the Project Team Executive. The Contract Administration Department, with delegated authority from the CEO, then negotiates a fair and reasonable price prior to execution of the Contract Modification. Note, the Metro Board approved the \$1.0M threshold limit on April 24, 2014 (Item 40). Changes estimated to cost over \$1.0M require all of the above and Metro Board approval.

The total cost of contract changes cannot exceed the Board approved Life of Project (LOP) budget threshold without additional Board authorization and approval.

Attachment A is a table summarizing the current status of all P-3010 contract modifications.

NEXT STEPS

Metro Project staff will issue quarterly project updates including all contract modifications.

Copy:

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Attachment A

P-3010 Contract Modification Summary

<u>Change Order No:</u>	<u>Description:</u>	<u>Rough Order Magnitude (ROM) For Base Buy LRV Only (Dollars \$)</u>	<u>Potential Schedule Impact:</u>	<u>Status:</u>	<u>Change Orders:</u>
001	The addition of back-up Train Operator Display (TOD)	\$850,000	No	Approved 4-24-2014	\$861,695.00
002	Exterior Signs w/ color route ID	\$700,000	No	Approved 4-24-2014	\$1,289,912.00
003	The Addition of Manual Exterior Rear View Mirrors	\$475,000	No	Approved 4-24-2014	\$677,317.00
006	Addition of Interior Route Information Signs	\$1,200,000	Yes	Approved 4-24-2014	\$1,274,944.00
007	Revise Sand Box Location	\$525,000	No	Approved 4-24-2014	\$540,503.00
008	Location for Emergency Tool Enclosures	\$ -	No	Contract Modification issued to Kinkisharyo	\$ -
009	Adding LED light on the interior recording cameras	\$150,000	No	Contract Modification issued to Kinkisharyo	\$120,362.19
010	Door Close Operator Alert	\$50,000	No	Contract Modification issued to Kinkisharyo	\$74,763.06
011	Train Operator Log -in for Vehicle Operation in 'On-Mode'	\$350,000	No	Contract Modification issued to Kinkisharyo	\$253,955.52
013	Adding Graphic Design on Floor and Seats at ADA and Priority Seating Areas	\$400,000	No	Finalizing Contract Modification	\$340,370.00