





APRIL 27, 1999

Metropolitan
Transportation
Authority

One Gateway Plaza
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TO: BOARD OF DIRECTORS

FROM: CHARLES W. STARK 
EXECUTIVE OFFICER, CONSTRUCTION

SUBJECT: ALSTOM B620 CONTRACT MODIFICATION
COST RECOVERY

ISSUE

At the April 22, 1999 Construction Committee Meeting, Director Knabe requested clarification of the cost recovery potential on Item 48, B620 Alstom Signaling, Inc. contract modification.

DISCUSSION

The board report, as presented, stated that "staff will pursue cost recovery and/ or liquidated damages from various contractors for Segment 2" for all or a part of the increased costs of the contract modification. The board report also said that the modification was required due to delays to tunnel contracts "including but not limited to" the termination of the Shea Kiewit Kenny (SKK) B251 contract.

As part of the change notice preparation process, the Construction Manager must make an initial determination as to whether the change notice has potential for cost recovery. This determination is reflected on the first page of the data sheet. The designation on the data sheets puts the MTA Claims Group on notice so that if possible, they pursue the cost recovery with the responsible contractor.

During the initial assessment of Change Notice No. 89.03, it was determined that this change may have cost recovery potential. This analysis regarding cost recovery potential is ongoing and is not expected to be complete before the Board meets on April 29, 1999. The analysis, however, will be completed prior to negotiations of the final change order. Due to the MTA vs. Shea Kiewit Kenny (SKK) legal settlement, there is no cost recovery potential against the SKK B251 contract. The potential for cost recovery from other facility contractors will be fully evaluated. A more detailed discussion of cost recovery will be included in the Board item requesting approval of the resulting change order.