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TO: Board of Directors

FROM: Roger Snoble 

SUBJECT: Metro Gold Line Eastside Extension
Award of Contract to Eastside LRT Constructors

Today, FTA Administrator Jennifer L. Dorn signed the federal Full Funding Grant Agreement (FFGA) authorizing \$490.7 million of federal funds for the \$898.8 million Metro Gold Line Eastside Extension Project. This authorization provides the funding that allows the Los Angeles County Metropolitan Transportation Authority to award the CO803 Tunnels, Station Excavations, Stations, Trackwork and Systems contract.

Under the authority given to the CEO that was reaffirmed by the Board at the April MTA Board Meeting, I have awarded the CO803 Contract to the Eastside LRT Constructors (a Joint Venture of Washington Group International, Obayashi Corporation and Shimmick Construction Corporation) in the amount of \$600,449,000. The Contract includes indexing language to address possible cost adjustments that may result from potential increases to the price of steel that are impacting the U. S. construction industry. Also, the contractor has indicated that their bonding companies require that the contract include steel indices.

We feel that recognizing the potential increase in steel prices is an equitable means of demonstrating our good faith efforts to the Contractor by acknowledging concerns that the unforeseen recent hike in steel prices could adversely impact the Contractor's ability to complete the contract. The MTA in good faith is endeavoring to share the risk by addressing the potential for steel price increases that are beyond the Contractor's ability to predict.