



CONSTRUCTION COMMITTEE
FEBRUARY 20, 2002

PROJECT: VEHICLE ACQUISITION PROJECT

**CONTRACT: EO350, PROFESSIONAL SERVICES
ADMINISTRATION/MANAGEMENT IN SUPPORT
OF CONTRACT NO. P2000 (L.A.CAR)
LTK ENGINEERING SERVICES**

**ACTION: CONTRACT MODIFICATION IN THE AMOUNT OF
\$300,000 AND AN INCREASE IN THE
AUTHORIZATION FOR EXPENDITURE IN THE
AMOUNT OF \$300,000**

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

RECOMMENDATION

- A. Authorize the Chief Executive Officer to negotiate and execute Change Order No. 7.00 to Contract No. EO350, Professional Services Administration Management in Support of Contract No. P2000, Los Angeles Standard Car, with LTK Engineering Services (LTK) to extend the contract for an additional four (4) months commencing January 1, 2002 through April 30, 2002 to provide continuing administration, design review and testing services for the P2000 vehicles, in the amount of \$300,000, increasing the Total Contract Value from \$13,808,735 to \$14,108,735; and
- B. Approve an increase in the Authorization for Expenditure (AFE) to Contract No. EO350, to provide funding to extend the contract for the additional four (4) months, in the amount of \$300,000, increasing the current EO350 contract AFE amount from \$13,808,735 to \$14,108,735.

Within Construction Committee authority: Yes No N/A

BACKGROUND

On July 28, 1993, the MTA Board awarded Contract No. EO350 to LTK. The scope of work consisted of administration, design review, testing, and inspection services for the P2000 contract with Siemens Transportation Systems, Inc. (Siemens) for the design, manufacture, and delivery of Light Rail Vehicles. The Contract was issued to LTK in June 1994, in the amount of \$6,512,994 for four (4) years. It was revised in June 1995, to increase the value by \$4,918,147 to \$11,431,141 and extend the period of performance for

an additional two (2) years. Prior to this request, the contract was last increased in June 2000 by the Board, by \$2,377,594 to \$13,808,735, which extended the period of performance through December 31, 2001. This contract is a locally funded contract and therefore is not subject to the Federal guidelines limiting a contract to five years.

The P2000 contract with Siemens for the delivery of 52 Light Rail Vehicles is over three (3) years behind schedule. The vehicles were scheduled to be delivered at a rate of two (2) per month, starting in October 1996 and completed in October 1998. However, as of December 31, 2001, only 26 vehicles have been delivered and conditionally accepted.

LTK has continued to administer the Siemens activities during Siemens schedule delays. For the past 1 1/2 years, Siemens' activity has required constant active oversight on a daily basis to assure that the vehicles adhered to the specifications and were suitable for revenue service. Delivery by Siemens and acceptance by the MTA continue to be critical, due to the need to make them available for service on the Pasadena Gold Line.

Current scheduling projections indicate P2000 completion to occur approximately December 2002, with contract closeout extending through September 2003. A normal response would be to extend LTK's contract to cover the required services. Recently, however, as an offshoot of the planning for the new upcoming P2550 car procurement, the MTA has considered performing some of the tasks normally provided by the LTK consultant. In addition, new MTA management has expressed a desire to reduce costs and reliance on consultants. Since our major goal of placing 26 of the P2000 cars into revenue service has been accomplished, it appeared that this might be a good point in time to implement that concept. However, identifying those tasks to be performed by the MTA took longer than anticipated.

Several discussions were held with LTK and internally, to arrive at a mutually agreeable Statement of Work. In addition, LTK's overall effort was re-assessed and reduced. As a result, the LTK proposal originally estimated at \$2,934,611, was reduced by more than 50%.

Meanwhile, LTK has informed us that they will exhaust their current funding shortly. Board authorization is required to extend LTK's contract through April 30, 2002. This will allow MTA the required time to finalize the scope of work and complete negotiations for the reduction of LTK's current level of effort.

FINANCIAL IMPACT

Original Contract Award	\$6,512,994
Current Cumulative Contract Value	\$13,808,735
This Action	\$300,000
New Cumulative contract Value	\$14,108,735

Funds for this action are included in the 800150 LA Rail Car project budget. The amount required for these services during Fiscal Year 2002 is included in the FY02 budget. This recommended action will increase the EO350 contract value of \$13,808,735 by \$300,000 to \$14,108,735, and this action does not impact the Fiscal Year Budget or the Sources of Funds, either in the fiscal year or over the life of the project.

Potential for Cost Recovery: Yes No N/A

*Costs may be recoverable under provisions of the Siemens' Contract No. P2000 if it is determined that this delay is because all or in part to the actions or inactions of Siemens.

ALTERNATIVES CONSIDERED

The MTA Board may reject this change and the request for an AFE increase, rebid the balance of technical services required to manage the P2000 contract, or perform this work with MTA personnel.

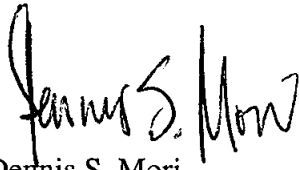
Re-bidding the P2000 car consultant contract will incur additional administrative costs. This will result in service disruption because the solicitation process for a new contract cannot be completed before the current authorized funding is expected to be expended. In fact, the re-bidding process would take an estimated 5-6 months, during which time, the MTA would have to oversee/administer Siemens' activities. Transition from LTK to the MTA or another consultant, would impact Siemens' progress on the P2000 contract and potentially be a basis for a delay claim.

Performing the work in-house would require hiring permanent staff with the expertise to perform the services currently being provided by LTK. Not approving this change will impact critical work overseeing the vehicle contract because of the time required to hire permanent staff, the learning curve, and the time to train new staff. Additionally, if the administrative, design review, testing, and technical services provided by LTK should cease, the MTA does not have the required technical skills on staff to provide the required oversight. Staff does not recommend these alternatives.

ATTACHMENTS

Attachment 1: Contract Value Status Summary
Attachment A: Procurement Summary
Attachment A-1: Procurement History
Attachment A-2: List of Subcontractors

Prepared By: Nick Brown, Director System Engineering
Tom Butler, Contract Administrator



Dennis S. Mori
Interim Executive Officer, Construction



Roger Snoble
Chief Executive Officer

ATTACHMENT 1
CONTRACT VALUE STATUS SUMMARY
 RCL LOS ANGELES RAIL VEHICLE PROCUREMENT (800150)
 CHANGE NOTICE E0350-CN-11.02

Only shows cost allocated to RCL

CONTRACTOR: LTK Engineering Services / LTK ENGINEERING SERVICES
ACTION DESCRIPTION: CWO 1.00 - EXTEND THE PERIOD OF PERFORMANCE END DATE TO MARCH 31, 2002

CUMULATIVE CONTRACT WORK ORDER VALUE STATUS

1.	CUMULATIVE AWARD AMOUNT:[1]	\$11,431,141.00	(Includes \$4,918,147.00 In Planned Scope Amendments)
2.	PREVIOUSLY EXECUTED CHANGES:	\$2,377,594.00	
3.	CURRENT VALUE: (1+2)	\$13,808,735.00	
4.	AUTHORIZED WACN'S (NTE):	\$0.00	
5.	OBLIGATED VALUE: (3+4)	\$13,808,735.00	
6.	VALUE OF THIS ACTION:	\$300,000.00	
7.	NEW VALUE (IF APPROVED): (5+6)	\$14,108,735.00	

Cumulative Contract Work Order Value Status Reviewed by MTA Procurement: *Tom [Signature] 2/12/02*

CUMULATIVE AUTHORIZATION FOR EXPENDITURE STATUS

AFE INCREASE REQUIRED/REQUESTED:

8.	MTA APPROVED AFE:	\$13,808,735.00	
9.	NEW VALUE: (Line 7)	\$14,108,735.00	
10.	REMAINING AFE: (8-9)	(\$300,000.00)	\$300,000.00 For this action
11.	OTHER PENDING CHANGES (merited)	\$29,000.00	
12.	REMAINING AFE VALUE (w/Changes: 10-11)	(\$329,000.00)	\$329,000.00 For all merited changes (projected cost)
13.	ALLOWANCE FOR UNDEFINED CHANGES:	\$0.00	
14.	REMAINING AFE VALUE (w/Allowance: 12-13)	(\$329,000.00)	\$329,000.00 For all merited and undefined changes

CUMULATIVE BUDGET STATUS

BUDGET VARIANCE (Initial to Current)

15.	INITIAL BUDGET:	\$8,391,474.00	
16.	CURRENT BUDGET:	\$14,789,141.00	\$6,397,667.00 Initial to Current Budget
17.	NEW VALUE (IF APPROVED): (Line 7)	\$14,108,735.00	
18.	REMAINING BUDGET: (16-17)	\$680,406.00	
19.	OTHER PENDING CHANGES (merited) (Line 11)	\$29,000.00	
20.	REMAINING BUDGET w/Changes (18-19)	\$651,406.00	

Cumulative Budget Status Reviewed by MTA Program Control:

Steven DeDuff

DATE: *2/13/02*

[1] - Award Amount includes initial award and Planned Scope Amendments

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

**AN INCREASE IN AUTHORIZATION FOR EXPENDITURE
IN THE AMOUNT OF \$300,000**

1.	Contract Number: E0350 Contract Extension		
2.	Recommended Vendor: LTK Engineering Services		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: N/A	Recommended Increase: \$300,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Cost Reimbursable, Fixed Fee		
5.	Procurement Dates:		
	A. Issued: July 28, 1993 (Initial contract award)		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: N/A		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 25% MBE; 8% WBE	Date Small Business Evaluation Completed: N/A this action due to MTA reduction in scope.	
	B. Small Business Commitment: 33% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A, (MTA Unilateral Action)
8.	Evaluation Information:		
	A. Bidders/Proposers Names: LTK Engineering Services	Bid/Proposal Amount: \$300,000 (MTA proposed increase)	Best and Final Offer Amount: N/A
	B. Evaluation Methodology: MASD & Estimating Dept. Review Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Ed Velasquez	Telephone Number: 922-7315	
11.	Project Manager: Joel Sandberg	Telephone Number: 922-7223	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

**AN INCREASE IN AUTHORIZATION FOR EXPENDITURE
IN THE AMOUNT OF \$300,000**

A. Background on Contractor

- The contractor for this action is LTK Engineering Services (LTK) of Los Angeles California. The firm has been in the rail industry consulting business for greater than 10 years.
- Major areas of expertise that LTK offers include administration, design review, testing and inspection services for rail vehicles and rail systems. LTK generally provides these services to the rail car industry, other transit properties across the country, and currently provides these services to MTA.
- Since July 1993, LTK has been providing these specialized services to the MTA under Contract E0350. LTK provides administrative and technical oversight to Siemens Transportation Systems in their effort to deliver the 52 light rail vehicles ordered by MTA under the P2000 acquisition contract.
- LTK holds several other similar contracts with transit properties across the country.

B. Procurement Background

- The initial professional services procurement was issued as a competitive RFP. Three professional rail consultant firms responded. The MTA Evaluation and Selection Committee selected LTK for award. The MTA Board approved the selection process and the recommendation of LTK, by awarding LTK Contract No. E0350 on July 28, 1993.
- July 28, 1993, Change Work Order 1.0 was issued to LTK under MTA Contract E0350 in the amount of \$6,512,994. The term of the Change Work Order was four years ending in 1997.
- June 1995, Change Work Order 1.0, Rev. 1, issued to LTK in the amount of \$4,918,147 for a total contract amount of \$11,431,141. The term of the Change Work Order was extended by two years, to end in 1999.
- June 2000, Change Work Order 1.0, Rev. 1, increased by the Board by \$2,377,594 for a total amount of \$13,808,735. The Change Work Order period of performance was extended to December 31, 2001.

- November 2001, MTA receives a contract Cost to Complete proposal from LTK in the amount of \$2,934,611 for 23,500 hours of service. MTA begins discussion with LTK regarding a reduction in their required scope of services in support of the Siemens P2000 light rail vehicle contract.
- December 29, 2001, MTA issued a No Cost Time Extension under Change Work Order 1.0, Change Order No.7.01. Based on assurance that sufficient funds remained in the LTK account, MTA extended LTK's period of performance through June 31, 2002. LTK executed and returned the No Cost Time Extension to MTA.
- January 2002, LTK advises that its funds will exhaust current funding by February 18, 2002. MTA issues the revised scope of services to LTK for their review and comments. Scope of services are reduced from 23,538 hours to 12,000 hours as a result of MTA Management directive that consultant services be mitigated to the extent possible and the outstanding services be provided by MTA staff. In this case MTA Quality Assurance Engineering staff shall perform the P2000 Work In Process and Acceptance Inspections previously performed by LTK.
- February 4, 2002, LTK provided MTA with a revised Cost to Complete proposal for the balance of the services required in support of the Siemens P2000 Light Rail Vehicle Acquisition contract. Preparation for negotiation of the LTK Cost to Complete proposal is in process. In the interim, the funding requested pursuant to this request to the Board will allow LTK to continue providing the professional administrative support services recommended by MTA Rail Construction for the next 90 days.

C. Evaluation of Proposals

In accordance with MTA Procurement policies and procedures, the following evaluations were performed at the request of the contracting officer:

- A desk audit of LTK's November 2001 Cost to Complete Proposal was performed by the Management Audit Services Department (MASD). The proposed direct and indirect rates were found to be in compliance with Generally Accepted Accounting Principles.
- MTA Estimating Department provided a Fair Cost Estimate based upon the Statement of Work, as it existed in November 2001. This estimate provides MTA with a reasonableness test of the proposed level of effort and the related prices.
- MTA Rail Construction representatives conducted technical evaluation of the level of effort proposed by LTK. Their recommendation was a reduction in the scope of services to be performed by the contractor.

D. Cost/Price Analysis Explanation of Variances

The recommended increase is reasonable based upon the following: Based upon the contractor's historical funding consumption rate of \$100,000 per month, MTA Rail Construction recommends authorization of a funding increase sufficient for 90 days of operation. The funds would cover LTK operating costs for February, March and April 2002.

Bid/Proposal Amount	MTA Estimate	Recommended Increase Amount
N/A	\$300,000	\$300,000

FINANCIAL IMPACT

Original Contract Award	\$ 6,512,994
Current Cumulative Contract Value	\$13,808,735
This request	\$ 300,000
<u>New Cumulative Contract Value</u>	\$14,108,735

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

**APPROVE AN INCREASE IN AUTHORIZATION FOR EXPENDITURE
IN THE AMOUNT OF \$300,000**

PRIME CONTRACTOR – LTK Engineering Services is the prime contractor on the E0350 contract. The firms listed below are the firms selected by LTK to participate in the contract as subcontractors. The firms are classified as registered Minority Owned and Women Owned Business Enterprises. The Current Participation, (figures current through 10/10/01), is the total actual amount paid to date to the subcontractor, divided by the total amount paid to date to the prime. Current Attainment is the total actual amount paid to date to the subcontractors, divided by the total current contract amount.

MBE

Subcontractor	Commitment	Current Attainment	Current Participation	Current Status
Kal Krishman	CWO	4.04 %	4.67 %	Performing
D'Leon Consulting	CWO	2.54 %	2.94 %	Performing
DivTech	CWO	2.78 %	3.21 %	Substituted
Virginkar	CWO	16.32 %	18.88 %	Performing
Gardner Consulting Planners	CWO	0.02 %	0.02 %	Performing
Total	25%	25.07 %	29.72 %	Exceeding Goal

WBE

Subcontractor	Commitment	Current Attainment	Current Participation	Current Status
LSB Technology	CWO	1.24 %	1.44 %	Performed
Evans Brothers Co.	CWO	1.18 %	1.36 %	Performing
LKG-CMC	CWO	1.11 %	1.28 %	Substituted
Lisa Ek & Assoc.	CWO	0.00 %	0.00 %	Performed
Aegir Systems	CWO	0.38 %	0.44 %	Performing
Total	8 %	3.91 %	4.52 %	Compliance Based on Good Faith Efforts