

PROCUREMENT SUMMARY

P3010 LIGHT RAIL VEHICLE PERFORMANCE BONDING/CONTRACT P3010

1.	Contract Number: P3010		
2.	Contractor: Kinkisharyo International LLC		
3.	Mod. Work Description: The Contractor shall eliminate the existing 100% performance bond and replace it with a \$50 million Irrevocable Letter of Credit.		
4.	Contract Work Description: New Light Rail Vehicles		
5.	The following data is current as of: 8/7/18		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	4/20/2012	Contract Award Amount: \$890,142,275, inclusive of Options 1 through 4.
	Notice to Proceed (NTP):	8/2012	Total of Modifications Approved: 35
	Original Complete Date:	2/2017 (Base only)	Pending Modifications (including this action): 1
	Current Est. Complete Date:	01/2021 (including Options)	Current Contract Value (with this action): \$921,755,722
7.	Contract Administrator: Wayne Okubo		Telephone Number: (213) 922-7466
8.	Project Manager: Jason Yaw		Telephone Number: (213) 922-3325

A. Procurement Background

This Board Action is to approve Contract Modification No. 36 to Contract No. P3010 for the elimination of the 100% performance bond requirement defined in the P3010 Contract. The 100% performance bond would be replaced by a \$50,000,000 Irrevocable Letter of Credit (LOC).

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

In April 2012, Contract No. P3010 was awarded to Kinkisharyo International LLC (KI) in the firm fixed price amount of \$299,061,827 for the manufacturing and delivery of 78 light rail vehicles (LRV) for the base contract buy. The Board also authorized the CEO to negotiate and award up to four Contract Options totaling \$591,080,448 for up to 157 additional LRVs. These four options were executed on August 14, 2013 (Option 1 and 4) and July 31, 2015 (Option 2 and 3).

This Contract Modification is to enable KI to remove their responsibility to maintain a 100% performance bond with a responsible surety. In lieu of a performance bond, staff recommends the acceptance of a LOC from a financially responsible institution in the amount of \$50 million. In addition to the LOC, Metro currently holds cash retention of \$48 million and by the end of the Contract period of performance the retention would equal \$69 million in cash holdings. Metro staff recommends that the combination of LOC and cash retention is adequate to incentivize and protect the timely and full completion of the P3010 project.

B. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon cost analysis and financial risk assessment.

Proposal Amount	Metro ICE	Negotiated Amount
(\$4,386,957)	(\$3,500,000)	(\$4,386,957)