

PROCUREMENT SUMMARY

A650-2015 HEAVY RAIL VEHICLE OVERHAUL AND CRITICAL COMPONENT REPLACEMENT PROGRAM / CONTRACT NUMBER A650-2015

1.	Contract Number: A650-2015		
2.	Contractor: Talgo, Inc.		
3.	Mod. Work Description: Add Train-to-Wayside Communication (TWC) System		
4.	Contract Work Description: Overhaul A650 Heavy Rail Vehicles		
5.	The following data is current as of: 12.05.18		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	10.5.16	Contract Award Amount: \$54,698,676
	Notice to Proceed (NTP):	01.16.17	Total of Modifications Approved: \$28,626,818
	Original Complete Date:	11.16.19	Pending Modifications (including this action): \$ 2,044,908
	Current Est. Complete Date:	05.16.22	Current Contract Value (with this action): \$85,370,402
7.	Contract Administrator: Wayne Okubo		Telephone Number: (213)922-7466
8.	Project Manager: Andrew Kimani		Telephone Number: (213)922-3221

A. Procurement Background

This Board Action is to approve Contract Modification No. 3 issued in support of the addition of the Train-to-Wayside Communication (TWC) system to the A650 Heavy Rail Vehicle (HRV) as part of the overhaul and critical component replacement program on the Option Buy A650 consisting of 74 vehicles.

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

On September 22, 2016, Metro's Board of Directors approved Board Agenda Item 2016-0538 to Talgo, Inc. in the amount of \$54,698,676 for the overhaul of 38 A650 Heavy Rail Vehicles, with the a contract option to overhaul the remaining 36 vehicles of the newest A650 fleet. On October 26, 2017, Metro's Board of Directors approved Board Agenda Item 2017-0584 for Talgo to overhaul the remaining 36 heavy rail vehicles increasing the contract value to \$72,970,494.

The intent of this overhaul program is to replace vital systems and components and update relevant technology to ensure the continued safety, reliability, availability,

and maintainability of the newest A650 heavy rail fleet for full revenue service and maintain the fleet's State of Good Repair.

This recommended Contract Modification is to add the TWC system to the A650 overhaul program currently underway by Talgo. The addition of the TWC has merit as this system was initially contemplated under the overhaul program but was later removed from the scope of work. The re-inclusion of this updated feature complements the intent of the overhaul program by incorporating current technology on the A650 fleet that is compatible with Metro's expanding heavy rail system.

B. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon cost analysis, an independent cost estimate, technical evaluation, fact finding, and negotiations.

Proposal Amount	Metro ICE	Negotiated Amount
\$2,351.848	\$1,020,535	\$2,044,908

The significant difference between Metro's Independent Cost Estimate (ICE) and the Negotiated Amount is attributed to a number of factors not fully considered in the Metro ICE.

The engineering effort required by the Contractor to add the TWC into the A650 overhaul project is significantly greater than originally estimated. That increase in level of effort is due primarily to a full re-engineering necessary to integrate the TWC with other existing vehicle systems that have already completed modernization design by the overhaul Contractor. Systems such as the Communications system now require a re-engineering and re-designing effort to interface with the TWC.

Another major factor not considered in the Metro ICE is the current A650 overhaul schedule. The integration of the TWC into the A650 overhaul will require a two month extension to the entire project. The overall program costs associated with the schedule extension were not included in the Metro ICE. Other factors such as travel costs, indirect costs, and profit were also not part of the Metro ICE.