

## PROCUREMENT SUMMARY

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

1.	<b>Contract Number:</b> A650-2015		
2.	<b>Contractor:</b> Talgo, Inc.		
3.	<b>Mod. Work Description:</b> Add truck frame inspection and repairs to Overhaul Program		
4.	<b>Contract Work Description:</b> Overhaul A650 Heavy Rail Vehicles		
5.	<b>The following data is current as of:</b> 06.10.19		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	10.5.16	<b>Contract Award Amount:</b> \$54,698,676
	<b>Notice to Proceed (NTP):</b>	01.16.17	<b>Total of Modifications Approved:</b> \$30,671,726
	<b>Original Complete Date:</b>	11.16.19	<b>Pending Modifications (including this action):</b> \$ 5,054,030
	<b>Current Est. Complete Date:</b>	05.16.22	<b>Current Contract Value (with this action):</b> \$90,424,432
7.	<b>Contract Administrator:</b> Wayne Okubo		<b>Telephone Number:</b> (213)922-7466
8.	<b>Project Manager:</b> Andrew Kimani		<b>Telephone Number:</b> (213)922-3221

**A. Procurement Background**

This Board Action is to approve Contract Modification No. 4 issued in support of the addition of truck frame repairs 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 option to overhaul the remaining 36 vehicles of the newest A650 fleet. On October 26, 2017, Metro's Board of Directors approved the exercise of a Contract Option 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 inspection, testing, and repair of cracks discovered in the vehicle truck frame to the scope of the A650 overhaul program currently underway by Talgo. This change has merit because the work fulfills the intent of the overhaul program to ensure the safety, reliability and availability of the A650 HRVs.

**B. Cost/Price Analysis**

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

<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Negotiated Amount</b>
\$5,136.812	\$1,732,350	<b>\$5,054,030</b>

The difference between the Metro ICE and the Negotiated Amount is attributed to a number of factors that were not fully considered in the Metro ICE.

The Metro ICE was developed using direct labor rate estimates only and did not address labor or manufacturing overheads. The correct application of fully burdened labor rates would have significantly increased the ICE amount.

The Metro ICE also underestimated transportation costs. Due to the specialized nature of the work, the non-destructive testing and the repairs will be performed at a subcontractor's facility and this will require specialized transportation.

Another major factor not considered in the Metro ICE is the schedule impact. The inclusion of this work into the A650 overhaul program will require an extension of the project by 2 months. The costs associated with the schedule extension were not included in the Metro ICE. Other factors such as travel costs and profit were also not part of the Metro ICE.