

PROCUREMENT SUMMARY

OPTION TO OVERHAUL 36 A650 HEAVY RAIL VEHICLES/A650-2015

1.	Contract Number: A650-2015		
2.	Contractor: Talgo, Inc.		
3.	Mod Work Description: Exercise Option to Overhaul Remaining 36 Heavy Rail Vehicles		
4.	Contract Work Description: A650 Heavy Rail Vehicle Overhaul and Critical Component Replacement Program		
5.	The following data is current as of: 09.29.17		
	Contract Award:	10.5.16	Contract Award Amount: \$54,698,676
	Notice to Proceed:	01.16.17	Total Mods Approved: 0
	Original Completion Date:	11.16.19	Pending Mods (with this action): \$18,271,818
	New Estimated Completion Date (with this action):	09.16.20	Current Contract Value (with this action): \$72,970,494
6.	Contract Administrator: Wayne Okubo	Telephone Number: (213) 922-7466	
7.	Project Manager: Andrew Kimani	Telephone Number: (213) 922-3221	

A. Procurement Background

This Board Action is to exercise the option to overhaul the remaining 36 A650 Heavy Rail Vehicles under Contract No. A650-2015. The option was included as part of the initial evaluation process.

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. 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 fleet for full revenue service and maintain the fleet's State of Good Repair.

The recommended Contract Modification is to exercise the option to overhaul the remaining 36 Heavy Rail Vehicles for the amount of \$18,271,818; increasing the Contract price to \$72,970,494. By exercising the option within a 12 month period from Notice to Proceed (NTP), Metro saves all escalation costs on the option price. The estimated savings to Metro, based on an escalation rate of 2% is \$365,000. A

survey of the proposers has determined that there would be no expected changes to market prices.

B. Cost/Price Analysis

The recommended price for the option has been determined to be fair and reasonable for the exercise of the option for 36 A650 Heavy Rail Vehicles based upon adequate price competition attained during the initial solicitation. The negotiated fixed price for the option vehicles was inclusive of any escalation as long as the option was exercised within 12 months from Notice to Proceed and this action is within that designated period.