

**Board Report**

File #: 2018-0114, **File Type:** Contract**Agenda Number:** 29.

**REVISED
SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
MAY 17, 2018****SUBJECT: P3010, LIGHT RAIL VEHICLE PROCUREMENT
CONTRACT KINKISHARYO****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

APPROVE a Modification to Contract No. P3010 with Kinkisharyo International, LLC for four (4) Request for Changes (RFC); RFC No. 1 Addition of Back-up Train Operator Display for a firm fixed price of \$1,589,240, RFC No. 2 Addition of Color Route ID to Exterior Signs for a firm fixed price of \$1,715,638, RFC No. 3 Addition of Exterior Rear View Mirrors for a firm fixed price of \$1,122,336, and RFC No. 6 Addition of Interior Route Information Signs for a firm fixed price of \$1,260,476, all for a combined firm fixed amount of \$5,687,690, increasing the total Contract value from \$914,667,177 to \$920,354,867. The contract increase is within the Life of Project Budget.

ISSUE

During the exercise of the P3010 Base Order contract, Metro issued 11 Request for Changes (RFCs) to Kinkisharyo (KI) to enhance vehicle performance and passenger experience. Contract Modifications for the 11 RFCs were successfully executed and implemented on the Base Order vehicles. To maintain consistency in fleet configuration, staff recommends applying the previously approved changes to the remaining 157 Option Light Rail Vehicles (LRV). These four RFCs exceed the Chief Executive Officer's delegated negotiating authority of \$1,000,000, so staff is requesting Board approval for Contract Modification Authority.

DISCUSSION

In April 2012, the P3010 LRV contract, for a base order of 78 LRVs, was awarded to Kinkisharyo. The contract includes four options for an additional 157 LRVs which were subsequently awarded. To date, KI is delivering safe, reliable, and maintainable vehicles on time and within budget.

To maintain consistency in fleet configuration, staff recommends applying the previously approved changes to the remaining 157 Option LRVs to enhance vehicle performance and passenger experience. Metro staff is requesting Board approval of the following four RFC's which exceed Metro's Chief Executive Officer's delegated negotiating authority of \$1,000,000:

- 1) RFC No. 1: Addition of back-up Train Operator Display (TOD). This change allows for safe and uninterrupted operation in the event that the primary TOD fails.
- 2) RFC No. 2. Add Color Route ID to Exterior Signs. This change enhances the passenger experience by facilitating recognition of the Metro line.
- 3) RFC No. 3: Installation of Exterior Rear View Mirrors. This change allows for safe and uninterrupted operation in the event the exterior rear view cameras fail.
- 4) RFC No. 6: Addition of Interior Route Information Signs. This change allows for 4 monitors (2 per LRV half) to be mounted in select locations for display of route information and service announcements.

Application of these changes is required to ensure a consistent fleet configuration and preserve enhanced levels of vehicle performance and passenger experience. Additionally, application of these changes will have no impact to project schedule and is within the remaining contingency of the Life of Project budget.

Metro staff is finalizing negotiations with KI on seven remaining RFC's. Most of the remaining changes are expected to be approved under staff delegated authority. Any RFCs that exceed Metro's CEO's \$1,000,000 negotiating authority will be presented to the Board for approval.

Based on staff's review of all cost elements, fact finding, and negotiations, it is recommended to proceed with the Contract Modification further described in Attachment A.

As further described in Attachment C, the current contract with KI includes a Disadvantaged Business Enterprise (DBE) participation goal that is monitored directly through the FTA's Transit Vehicle Manufacturer program, and a U.S. Employment Program commitment of wages and benefits resulting from new job creation monitored by Metro. KI has met and exceeded Metro's U.S. Employment Program Contract commitment of creating \$98 million in wages and benefits for new workers supporting our P3010 program. KI has met that commitment two years earlier than required and has currently created \$101.8 million in wages and benefits for new workers. KI's estimate for new workers at Contract award was 250 new hires. Thus far KI and its suppliers have hired over 600 new workers nationwide, including more than 450 new workers in Los Angeles County.

DETERMINATION OF SAFETY IMPACT

This board action will not have an impact to safety; however, it does enhance vehicle performance and passenger experience.

FINANCIAL IMPACT

Adoption of the recommendation to approve the 4 RFC's will increase the contract price by \$5,687,690, from \$914,667,177 to \$920,354,867. This amount is within the P3010 project LOP of \$972,000,000. Funding for these changes as outlined are included in the FY19 budget in Cost Center 3043 - Strategic Vehicle and Infrastructure Delivery, Account 53105 - Acquisition of Revenue Vehicle, Project 206035 - P3010 LRV Project including options.

Since this is a multi-year contract, the Cost Center manager and Project Manager will ensure that the balance of funds are budgeted in future years, including all options exercised.

Impact to Budget

The current source of funds for this action is Measure R, Federal STIP, and Proposition A Bonds. These funding sources maximize allowable fund use given funding provisions.

ALTERNATIVES CONSIDERED

Should the Board choose not to approve staff's recommendation for the changes recommended in actions A through D, above, Metro operations will be required to support two different fleet configurations with different levels of performance and passengers will be subjected to vehicles with different levels of amenities. This alternative is not recommended as it will add additional burden to Metro Operations and passengers will be subjected to different levels of service.

NEXT STEPS

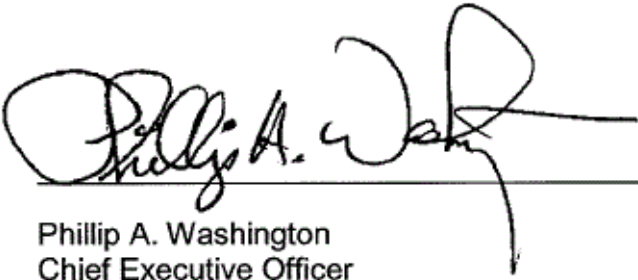
Upon Board approval, staff will execute RFC Nos. 1, 2, 3, and 6, proceed with implementation of the changes outlined above, and continue delivery of the P3010 option order vehicles.

ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - Contract Modification Authority (CMA) Summary
- Attachment C - DEOD Summary - **REVISED**

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