



Board Report

File #: 2022-0266, File Type: Contract

Agenda Number: 3.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JUNE 16, 2022**

**SUBJECT: TECHNICAL AND PROGRAM MANAGEMENT SUPPORT SERVICES FOR LACMTA
HRV OVERHAUL AND CRITICAL COMPONENT REPLACEMENT PROGRAM**

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 14 to Contract No. OP30433488 with LTK Engineering Services for Technical and Program Management support services for LACMTA A650 Heavy Rail Vehicle Overhaul and Critical Component Replacement Program (OCCRP) to extend the Period of Performance through March 5, 2025 and increase the Not-to-Exceed Total Contract Price by \$3,126,944, from \$5,488,530 to \$8,615,474.

ISSUE

In October 2016, the Board approved a 46-month contract with LTK Engineering (OP30433488) to support Metro's Project Manager with Technical and Program Management Support services to oversee the rail vehicle overhaul contractor tasked with the A650 OCCRP Project.

Staff requests an extension of the existing consultant contract due to OCCRP project schedule delays. It is necessary to extend the consultant contract to ensure continuity of support for the project and execution of contractual terms for the rail vehicle contractor.

BACKGROUND

On October 27, 2016, the Board approved the contract to be awarded to LTK Engineering in response to RFP No. OP30433488, A650 Consulting Services for Heavy Rail Vehicle Overhaul for Technical and Program Management Support Services. This consultant provides technical program management support to Metro staff engaged in the management of the OCCRP for the overhaul & on-time delivery of a base order of 74 HRVs.

LTK Engineering is tasked to support Metro's Project Manager with the engineering and technical oversight of the rail vehicle contractor to ensure performance consistent with the delivery requirements of the OCCRP. LTK Engineering provides staff support in the following disciplines:

- Systems Engineering

- Systems Integration
- Quality Assurance
- Value Engineering
- Design Conformance Tests
- Inspection/Audit of Fabrication and Assembly Site Activities
- Commissioning and vehicle acceptance efforts.
- Project Management Support

All work and assignments are as needed and directed by the OCCRP Project Team through written task orders to the consultant contract, using not to exceed prices based on the fixed labor rates in the contract. The consultant's staff is managed daily by Metro's OCCRP Project Manager.

DISCUSSION

Since the contract award of the OCCRP in October of 2016, LTK Engineering has been providing Metro's Project Team with unique rail vehicle technical support including: review of all technical documents; oversight of system and combined-system level integration efforts; witness of verification / validation of designs, inspections; design conformance/qualification testing; and identification of vehicle assembly issues / matters. These are essential prerequisites prior shipping HRVs back to Metro.

Given the performance of the rail vehicle contractor overhaul efforts and the project delays to date, it has become more critical to increase contractor oversight to ensure all significant issues are identified and that the scope of work is performed in compliance with contract requirements.

LTK Engineering consultant support includes assistance with document updates and controls, technical and commercial specifications, gathering all technical documentation, and to assist with on-going project issues.

Approval of Recommendation A modifies the LTK Engineering contract, which allows for continued technical support of the OCCRP. Metro staff requires this consultant support to mitigate the remaining technical issues to ensure safety and performance standards are met and achieve final delivery / acceptance of the HRVs.

This is an existing professional support contract needed to ensure continuity and proper project execution of the OCCRP and does not have any impacts on the previously approved Life of Project (LOP). In addition, approving the two recommended items ensures the successful completion of the OCCRP, which provides accessible and affordable transportation for all who ride our heavy rail system.

DETERMINATION OF SAFETY IMPACT

The approval for the Technical Support Services will ensure team continuity and maintain overall system safety, service quality, system reliability, and customer satisfaction.

FINANCIAL IMPACT

Since this is a multi-year project, the cost center manager, project manager, Senior Executive Officer, and Vehicle Engineering & Acquisition team will ensure that funds are budgeted in future Fiscal Years. This action is funded using the existing LOP budget potentially utilizing the Project Contingency.

Impact to Budget

The current source of funds for the overhaul program and Consulting Services is Proposition A 35%. Staff will pursue additional federal funds that may become available for this project to maximize and conserve the use of local funding sources and/or debt.

Since multi-year projects are funding this recommendation, the Chief Operating Officer, Chief Program Management Officer, and respective Project Managers will be responsible for future fiscal year budgeting.

EQUITY PLATFORM

Approving the recommendations in this board report will ensure uninterrupted professional services that support the ongoing OCCRP. This allows for successful delivery of these vehicles for use on Metro's existing heavy rail vehicle lines that serve a majority of Equity Focus Communities (EFCs) who rely on public transit for their daily jobs. EFC areas along the heavy rail alignment include Union Station to Downtown LA, Koreatown (Wilshire/Western), Hollywood, Universal City, and North Hollywood. Please refer to Attachment D for Metro's current rail line map showing the areas of Metro's EFCs that will benefit from this board decision.

LTK Engineering made a 30.74% Disadvantaged Business Enterprise (DBE) commitment. The project is 85% complete based on payments and the current DBE participation is 17.13%, representing a 13.61% shortfall. LTK Engineering submitted an updated shortfall mitigation plan on May 3, 2022, and projects to exceed the 30.74% utilization by the end of all anticipated contract, and task extensions. LTK Engineering remains committed to meeting the 30.74% DBE commitment by the end of vehicle production.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendations support strategic plan goal # 1.2 - Optimize the speed, reliability, and performance of existing system by revitalizing and upgrading Metro's transit assets. The completion and roll out of the overhauled A650s will significantly reduce trip disruptions on rail networks and improve the integrity of the overall network.

ALTERNATIVES CONSIDERED

The Board may choose not to approve this item to extend the current contract. This is not recommended as critical project activities being supported by consultant staff will be interrupted, likely impacting the project schedule. The adverse impacts may also result in insufficient vehicles to

meet passenger demand and rollout schedules. This would have a negative impact on providing transportation services due to being unable to provide sufficient vehicles to all who ride our heavy rail system and will negatively impact the rider experience.

The support activities provided by this consultant include but are not limited to; auditing manufacture and assembly site activities, witnessing Qualification and commissioning tests, reviewing test procedures and test reports, providing vehicle acceptance and warranty support, reviewing safety certification checklists before submittal to CPUC and review of car history books with CPUC prior to approval of placing vehicles in service, and conducting schedule and milestone reviews. The Metro project team currently does not have the resources to absorb all the consultant scope of work.

NEXT STEPS

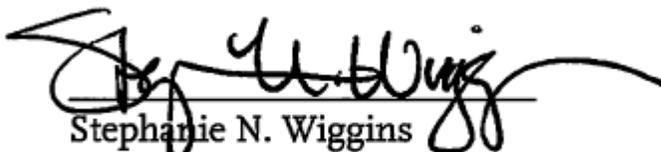
Upon Board approval, staff will execute Contract Modification No. 14 to extend the performance period and increase the Contract amount with LTK Engineering.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification Log
Attachment C - DEOD Summary

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Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

EXTENSION OF CONSULTING SERVICES TO SUPPORT THE OVERHAUL OF 74
A650 HEAVY RAIL VEHICLES/OP30433488

1.	Contract Number: OP30433488		
2.	Contractor: LTK Engineering Services		
3.	Mod Work Description: Extend the term of Technical and Program Management Support Services to coincide with the extension of the overhaul project.		
4.	Contract Work Description: Consulting Services for the A650 Heavy Rail Vehicle Overhaul and Critical Component Replacement Program		
5.	The following data is current as of: 05.05.22		
	Contract Award:	11.01.16	Contract Award Amount: \$3,897,599
	Notice to Proceed:	11.03.16	Total Mods Approved: \$1,590,931
	Original Completion Date:	07.05.22	Pending Mods (with this action): \$3,126,944
	New Estimated Completion Date (with this action):	03.05.25	Current Contract Value (with this action): \$8,615,474
6.	Contract Administrator: Wayne Okubo	Telephone Number: (213)922-7466	
7.	Project Manager: Dave McDonald	Telephone Number: (213)922-3221	

A. Procurement Background

This Board Action is to extend the period of performance to provide technical and program management support services for the overhaul of 74 A650 Heavy Rail Vehicles under Contract OP30433488. The extension is necessary to continue the technical support of the overhaul project, which was extended due to delays encountered by the overhaul contractor.

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

On October 27, 2016, Metro's Board of Directors approved Board Report File 2016-0554 to LTK Engineering Services in the amount of \$3,897,599 for technical and program management services related to the overhaul of 38 A650 Heavy Rail Vehicles. On October 19, 2017 Board Report File 2017-0584 for the option to support the overhaul of the remaining 36 vehicles of the newest A650 fleet, was approved.

The intent of extending the consultant services is to provide Metro with expert professional engineering, technical oversight, and program management support to ensure the overhaul contractor's performance is consistent with the delivery requirements of the contract throughout the duration of the project.

The recommended contract modification is to extend the technical and program management support services for the overhaul project by 32 months in the amount of \$3,126,944 increasing the Contract not to exceed price to \$8,615,474.

B. Cost/Price Analysis

ICE	Proposed	Recommended
\$3,457,200	\$3,126,944	\$3,126,944

This is a cost plus fixed fee contract. The direct labor rates for this extension were negotiated using the forward priced rate agreement and escalations established in the Contract. All newly proposed staff rates were validated with current payroll records. The overhead rates applied for this extension are consistent with the originally proposed rates for the consultant and sub consultants. Due to the extension in the period of performance, the planned closeout audit will be augmented with an intermediate audit to be performed during the extended period of the Contract.

The recommended price has been determined to be fair and reasonable for the extension of the technical and program management services supporting the A650 Heavy Rail Vehicle overhaul based upon fact finding, an Independent Cost Estimate (ICE), and negotiations.

CONTRACT MODIFICATION/CHANGE ORDER LOG

CONSULTING SERVICES TO SUPPORT THE OVERHAUL OF
74 A650 HEAVY RAIL VEHICLES/OP30433488

Mod. no.	Description	Status (approved or pending)	Date	\$ Amount
1	Exercise Option to overhaul 18 additional A650 HRV married pairs	Approved	01.23.18	\$ 597,238
2	Administrative change to add staff to project	Approved	01.03.19	\$ 0
3	Administrative change to add staff to project	Approved	04.26.19	\$ 0
4	Add MFSS and TWC to project scope	Approved	07.09.19	\$ 993,693
5	Administrative change to add staff to project	Approved	09.16.19	\$ 0
6	Administrative change to add staff to project	Approved	11.26.19	\$ 0
7	Administrative change to add staff to project	Approved	05.19.20	\$ 0
8	Administrative change to add staff to project	Approved	08.31.20	\$ 0
9	Administrative change to add staff to project	Approved	11.04.20	\$ 0
10	Administrative change to add staff to project	Approved	05.05.21	\$ 0
11	Administrative change to add staff to project	Approved	09.14.21	\$ 0
12	Administrative change to add staff to project	Approved	11.18.21	\$ 0
13	Time Extension	Approved	04.26.22	\$ 0
14	Time Extension	Pending		\$ 3,126,944
	Modification Total:			\$ 4,717,875
	Original Contract:			\$ 3,897,599
	Total:			\$ 8,615,474

DEOD SUMMARY

**CONSULTING SERVICES FOR THE A650 HEAVY RAIL VEHICLE (HRV)
OVERHAUL PROGRAM, TECHNICAL AND PROGRAM MANAGEMENT SUPPORT
SERVICES/OP30433488**

A. Small Business Participation

LTK Engineering Services (LTK) made a 30.74% Disadvantaged Business Enterprise (DBE) commitment. The project is 85% complete based on payments and the current DBE participation is 17.13%, representing a 13.61% shortfall.

LTK submitted an updated shortfall mitigation plan on May 3, 2022. LTK contends the shortfall is due to their inability to use the resources of Virginkar & Associates, Inc. (VAI) as originally planned during the production phase. LTK further contends that they will be utilizing VAI for manufacturing inspection and testing. This is work that LTK staff had anticipated to perform but will instead be transferred to VAI personnel. Further, LTK anticipates an uptick in the utilization of Ramos Consulting, as the project moves into the testing phase. LTK projects that they will exceed the 30.74% utilization by the end of all anticipated contract and task extensions and remains committed to meeting the 30.74% DBE commitment by the end of vehicle production.

Notwithstanding, Metro Project Managers and Contract Administrators will work in conjunction with DEOD to ensure that LTK Engineering Services is on schedule to meet or exceed its DBE commitment. Additionally, key stakeholders associated with the contract have access to Metro's web-based monitoring system to ensure that LTK is on target to meet and/or exceed its DBE commitment on the contract.

Small Business Commitment	DBE 30.74%	Small Business Participation	DBE 17.13%
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	DBE/SBE Subcontractors	Ethnicity	% Committed	Current Participation¹
1.	Virginkar & Associates	Subcontinent Asian American	18.35%	9.95%
2.	Ramos Consulting	Hispanic American	12.39%	7.18%
	Total		30.74%	17.13%

¹Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.