



## Board Report

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Agenda Number: 27.

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### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JUNE 20, 2024

**SUBJECT: EXERCISE OPTION FOR A650 HEAVY RAIL VEHICLE STATIC CONVERTER LOW VOLTAGE POWER SUPPLY (LVPS)**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute Contract Modification No. 2 to exercise an option for the purchase of 37 Static Converter Low Voltage Power Supply (LVPS) units under Contract No. OP82170000 to Kiepe Electric LLC in the amount of \$1,470,195, increasing the total Contract value from \$472,306 to \$1,942,501 and extending the period of performance by 18 months from October 5, 2024 to April 5, 2026.

#### **ISSUE**

The Breda A650 Heavy Rail Vehicle (HRV) option fleet consists of 37 married-pair vehicles and is in its 27<sup>th</sup> year of revenue service operations. The fleet is currently undergoing a Component Level Overhaul Program, overhauling five significant systems, including friction brakes, traction motor, gearbox coupler, semi-permanent coupler, and new LVPS equipment.

#### **BACKGROUND**

On August 18, 2022, the Metro Board awarded Kiepe Electric LLC for a firm fixed unit price Contract No. OP82170000 for the purchase of forty-two (42) new Low Voltage Power Supply (LVPS) units in support of the A650 Heavy Rail Vehicle (HRV) fleet overhaul. The contract consists of a base order of 5 units in the amount of \$472,306, with an available option order of 37 units in the amount of \$1,470,195 for a total contract amount of \$1,942,501. Of note, splitting the contract into base and option orders is mainly due to the complexity of original equipment that is with 25 plus year technology and is with parts therefore obsolescence with minimal risk to the agency should the new contractor not perform.

#### **DISCUSSION**

The Low-Voltage Power Supply is one of six vehicle systems within the Component Overhaul Program, which is managed and performed by Rail Fleet Services staff.

The LVPS equipment consists of low and high-voltage electronic components that convert traction supply power of 750 Vdc to 120 & 220 Vac for battery charging, emergency lighting, braking systems, and door operation supply source. The LVPS is considered vital and safety-critical equipment necessary to sustain the A650 fleet in revenue service operations in conjunction with the State of Good Repair (SGR) policy.

Rail Fleet Services (RFS) Engineering developed equipment overhaul specification(s) for all systems included in the Component Overhaul Program based on OEM recommendations and RFS maintenance experience. The contractor will design, manufacture, test, and implement the development of LVPS equipment units in accordance with Metro's technical specifications within the defined schedule requirements.

Of note, the Heavy Rail Modernization project does not include overhaul or the purchase of new LVPS equipment. This is a separate task managed by the Rail Fleet Services Component Overhaul Group.

### **DETERMINATION OF SAFETY IMPACT**

Purchasing new LVPS equipment ensures vehicle battery charging levels for friction braking, emergency lighting, doors, and other vital systems. In the event of LVPS equipment failure, the vehicle safety systems are compromised, and the vehicle will not operate.

### **FINANCIAL IMPACT**

Funding of \$1,470,195 for 37 LVPS equipment units is included in the Component Overhaul Life of Project Budget (LOP) CP number 206038. The delivery of the base order LVPS equipment is in production, followed by the option order delivery by the 1<sup>st</sup> quarter of FY26.

#### Impact to Budget

Current funding for this action is a combination of Federal and Local funds, primarily consisting of Federal Section 5337 and Measure M, which are not operating eligible funds.

### **EQUITY PLATFORM**

The Red (B) and Purple (D) rail lines utilize all of Metro's heavy rail fleet vehicles. Based on the 2019 Customer Survey, the Red (B) and Purple (D) rail lines serve the following ridership:

- 27.7% below the poverty line
- 56.4% had no car available
- Rider Ethnicity: Latino 38.9%; Black 13.1%; White 25.8%; Asian/Pacific Islander 15.2%; Other 6.5%

In addition, areas served include Union Station to Downtown LA, Koreatown (Wilshire/Western), Hollywood, Universal City, and North Hollywood, most of which include Equity Focus Communities. Sustaining revenue service operations within these communities provides equitable access to job

opportunities, commuting to and from work, and contributes to the local economy via shopping malls and restaurants.

No Disadvantaged Business Enterprise goal was established due to the lack of subcontracting opportunities.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports Metro Strategic Plan Goal 5) Provide responsive, accountable, and trustworthy governance within the Metro organization. New LVPS will ensure fleet and equipment reliability, minimize vehicle maintenance needs, and provide safety for Metro's passengers in all operational modes.

### **ALTERNATIVES CONSIDERED**

Due to the OEM's inability to repair or overhaul the LVPS equipment, technology transfer, and parts obsolescence, it is imperative to procure new LVPS equipment utilizing current technologies and parts that will support vehicle operations for an estimated 15 years. As the A650 HRV fleet has over 25 years of revenue service without major overhaul the LVPS has remained in service and is now failing at an increased rate. Although there are alternatives for a new procurement the issue is the time required to do so including technical document resubmission and repeated procurement duration it is recommended to exercise the option thereby saving time and significantly reducing the risk of missed service therefore this alternative was not considered.

### **NEXT STEPS**

Upon Board approval, the contract awardee will continue the design, manufacturing, testing, and prototyping process as outlined in Metro's Technical Specification for new LVPS equipment. The Contractor shall provide a production schedule to identify milestones consistent with the scheduled delivery of the LVPS equipment.

### **ATTACHMENTS**

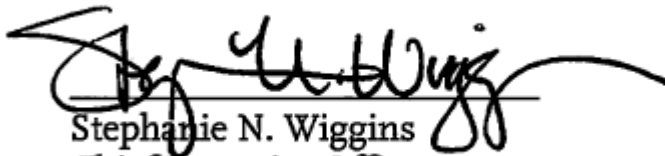
Attachment A - Procurement Summary

Attachment B - Modification Log

Attachment C - DEOD Summary

Prepared by: Bob Spadafora, Senior Executive Officer, Rail Fleet Services (213) 922-3144  
Richard M. Lozano, Senior Director, Rail Fleet Services  
(323)-224-4042.  
Debra Avila, Deputy Chief Vendor/Contract Management  
(213) 418-3051

Reviewed by: Conan Cheung, Chief Operations Officer (213) 418-3034



Stephanie N. Wiggins  
Chief Executive Officer

**ATTACHMENT A**

**PROCUREMENT SUMMARY**

**A650 HEAVY RAIL VEHICLE STATIC CONVERTER LOW VOLTAGE POWER SUPPLY (LVPS) - EXERCISE OPTION**

1.	<b>Contract Number:</b> OP82170000		
2.	<b>Contractor:</b> Kiepe Electric LLC		
3.	<b>Mod. Work Description:</b> Exercise Option authorizing the Contractor to continue manufacturing 37 LVPS units for the A650 heavy rail vehicles (HRVs).		
4.	<b>Contract Work Description:</b> This is in support of the A650 HRV fleet component overhaul program to enhance safety, availability, and reliability. The Contractor shall be responsible for continued design, manufacturing, and delivery of new LVPS units.		
5.	<b>The following data is current as of April 19, 2024 :</b>		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	October 6, 2022	<b>Contract Award Amount:</b> \$ 472,306.00 Base
	<b>Notice to Proceed (NTP):</b>	N/A	<b>Total of Modifications Approved:</b> 1
	<b>Original Complete Date:</b>	October 5, 2024	<b>Pending Modifications (including this action):</b> \$ 1,470,195.00 Option
	<b>Current Est. Complete Date:</b>	February 1, 2026	<b>Current Contract Value (with this action):</b> \$ 1,942,501.00 Base+Option
7.	<b>Contract Administrator:</b> Jessica Omohundro		<b>Telephone Number:</b> 213-922-4790
8.	<b>Project Manager:</b> Richard Lozano		<b>Telephone Number:</b> 323-224-4042

**A. Procurement Background**

This Board Action is to approve Contract Modification No. 2 issued in support of exercising the Option for the continued design, manufacturing, and delivery of new Low Voltage Power Supply (LVPS) units for the firm-fixed-price of \$1,453,915.00, increasing the total contract value from \$472,306 to \$1,942,501.00. The firm-fixed-price amount option was competitively solicited during the procurement phase of the Base Contract Award.

This Contract Modification will be processed in accordance with Metro’s Acquisition Policy. The Contract with Kiepe Electric LLC was approved by the Board of Directors on August 18, 2022 under Agenda Number 32. The exercise of this Contract Option will extend the period of performance by 18-months from October 5, 2024 to April 5, 2026.

## **B. Cost/Price Analysis**

The recommended price of \$1,942,501 has been determined to be fair and reasonable based upon an independent cost estimate (ICE), price analysis, technical evaluation, clarifications and negotiations.

This Contract Option is being exercised within the validity of the Option period and price is not subject to escalation.

	<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Negotiated or NTE amount</b>
1.	Kiepe Electric LLC	\$1,957,170	\$1,595,000	<b>\$1,942,501</b>
2.	AmePower	\$2,333,796	\$1,595,000	\$2,333,796

The difference in ICE and negotiated amount is due to several factors. The ICE didn't account for LVPS assembly, Training and Engineering Fee, as well as shipping and travel costs. Additionally, the ICE was based on a previous industry quote which didn't account for recent increase in inflation, transportation/shipping costs, and covid-related supply chain delays which increased significantly since the development of the ICE.

## CONTRACT MODIFICATION LOG

## A650 LOW VOLTAGE POWER SUPPLY / OP82170000

<b>Mod. no.</b>	<b>Description</b>	<b>Status (approved or pending)</b>	<b>Date</b>	<b>Amount</b>
1	Modify unit price	Approved	05.02.24	\$0
2	<b>Exercise Option</b>	<b>Pending</b>	<b>TBA</b>	<b>\$1,470,195</b>
	<b>Modification Total:</b>			<b>\$1,470,195</b>
	<b>Original Contract:</b>			<b>\$472,306</b>
	<b>Total:</b>			<b>\$1,942,501</b>

**DEOD SUMMARY**

**EXERCISE OPTION FOR A650 HEAVY RAIL VEHICLE STATIC CONVERTER LOW VOLTAGE POWER SUPPLY (LVPS)/OP82170000**

**A. Small Business Participation**

The Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this project due to the lack of subcontracting opportunities. Kiepe Electric LLC did not make a commitment and is expected to perform the work with its own workforce.

**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 modification/contract.

**D. Project Labor Agreement/Construction Careers Policy**

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