Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Metro

Board Report

File #: 2024-1142, **File Type:** Contract **Agenda Number:** 36.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
OCTOBER 15, 2026**

SUBJECT: P3010 LIGHT RAIL VEHICLE (LRV) HEATING, VENTILATION, AND AIR CONDITIONING (HVAC) EQUIPMENT OVERHAUL

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. AWARD a five-year firm-fixed-price contract, Contract No. OP136051000, to Merak North America LLC for the overhaul of 487 HVAC assemblies for the P3010 Light Rail Vehicle (LRV) fleet in the Not-To-Exceed (NTE) amount of $10,275,213.00, subject to the resolution of any properly submitted protest(s), if any; and

B. ESTABLISH a Life of Project (LOP) budget of $82,562,929 for the P3010 Component Overhaul tasks - Phase 2.

ISSUE

In accordance with Original Equipment Manufacturer (OEM) guidelines, the P3010 LRV fleet HVAC equipment requires an overhaul at 5-year or 600,000-mile intervals. Overhauling the HVAC equipment at this interval ensures continued reliability while providing cooling and heat for Metro's passengers. HVAC equipment failures are considered an operational safety hazard for both the passengers and the train operator. Upon equipment failure, the vehicle is removed from revenue service until the HVAC equipment is repaired.

BACKGROUND

The P3010 LRV fleet consists of 235 rail cars manufactured by Kinkisharyo International LLC (Kinkisharyo). The fleet was placed in revenue service between 2016 and 2023, operating on all of Metro's light rail lines (A, C, E, K, and L) and amassing over 122,596,296 cumulative fleet miles.

The P3010 fleet is currently undergoing a Component Overhaul Program under existing Capital Project #214009. The Phase 1 projects include four critical vehicle systems that are planned for completion by the end of FY29:

- Friction brake and air compressor
- Truck systems (axles, gearbox and traction motors)
- Slewing ring
- Fleet battery replacement

DISCUSSION

The P3010 LRV fleet's car builder, Kinkisharyo, and the HVAC Original Equipment Manufacturer (OEM) identified a preventive maintenance overhaul at the 600,000-mile interval, when specific HVAC components are overhauled or replaced to ensure sustained reliability and safety. Two HVAC units mounted on the vehicle rooftop are subject to outdoor weather environments (e.g., heat, cold, dust, and debris), with a high probability of declining reliability and service delays due to the "always on" feature and harsh weather conditions.

Phase 2 includes additional overhaul projects, including overhauls of the vehicle master controller, high-speed circuit breaker, pantograph, coupler, low-voltage power supply, propulsion equipment, and HVAC, and to establish an LOP budget for the Phase 2 projects. This contract represents the first of Phase 2 component overhaul projects required to keep the P3010 fleet in a constant State of Good Repair (SGR). Separate contracts for additional required overhauls are currently in various stages of development.

DETERMINATION OF SAFETY IMPACT

Safety is of the utmost importance to Metro's passengers and employees, and the LRV heating and ventilation equipment must operate at full potential in accordance with internal and external ambient temperatures. Therefore, Metro must maintain the P3010 LRV fleet HVAC equipment without deferred maintenance while meeting Transit Asset Management Federal guidelines on equipment State of Good Repair (SGR). Upon approval, this action will ensure the HVAC equipment continues to provide Metro's passengers and train operator employees with optimum comfort in a climate-controlled environment while riding Metro's light rail system.

FINANCIAL IMPACT

The financial impact of this action will establish an $82,562,929 LOP budget for P3010 Phase 2 and award Merak North America a firm-fixed price contract to overhaul the HVAC equipment. As agency procurement guidelines require, the Board will separately approve contracts for the projects included in Phase 2 that are in process or are in the mobilization stage. Upon contract award to Merak expenditures in FY27 will include project deliverables up to First Article Inspection. The annual budget amount for FY27 is planned at $17,705,793 inclusive of phase 1 projects and the commencement of phase 2 project under Capital Project - CP214009.

Since this is a multi-year project, the Component Overhaul Superintendent, Division Director, and Senior Executive Officer of Rail Fleet Services will ensure that the balance of funds is budgeted in future years. The Project Manager and Cost Center Manager will also be responsible for budgeting

future costs.

Impact to Budget

The current source of funds for this action is Measure M State of Good Repair 2%. This funding is eligible for Operating Capital Projects.

EQUITY PLATFORM

This contract award will ensure Metro's P3010 LRV fleet remains in constant good repair while providing vital rail transportation services via the A, C, E, and L rail lines. These lines include many Equity Focused Communities (EFCs) where disparities may exist in residents' access to jobs, housing, education, health, and safety. These EFCs include Long Beach through Downtown LA and Pomona, as well as Santa Monica through South LA.

At this time of solicitation, the Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goal for this procurement due to the lack of certified small businesses that perform this service. Merak North America LLC listed one SBE firm to perform the services of this contract.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

This item supports Metro's systemwide strategy to reduce VMT through rail vehicle equipment overhaul activities that will maintain and further encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of the P3010 LRV fleet HVAC overhaul supports Strategic Goal 1) Provide high-quality mobility options that enable people to spend less time traveling.

The recommendation supports Metro's Strategic Plan Goal 5) Provide Responsive, Accountable, and Trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

An alternative considered is to defer the HVAC equipment overhaul, but this is not recommended, as deferring maintenance increases the risk of HVAC equipment failure. This will negatively impact revenue service, cause passenger and train operator discomfort, and reduce equipment design life characteristics.

NEXT STEPS

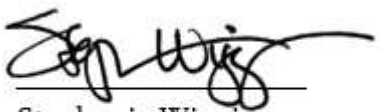
Upon Board Approval, the P3010 fleet HVAC equipment overhaul will commence according to stakeholders' mutually agreed production schedules, consisting of 5 kits or 10 HVAC overhauls per month over a 5-year project period.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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Stephanie Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

P3010 LIGHT RAIL VEHICLE (LRV) HEATING, VENTILATION, AND AIR CONDITIONING (HVAC) OVERHAUL

1.	**Contract Numbers**: **OP136051000**	
2.	**Recommended Vendors**: Merak North America LLC	
3.	**Type of Procurement (check one):** ☐ **IFB** ☒ **RFP** ☐ **RFP–A&E** ☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order**	
4.	**Procurement Dates**:	
	A. Issued: January 23, 2026	
	B. Advertised/Publicized: January 23, 2026	
	C. Pre-Proposal Conference: February 6, 2026	
	D. Proposals Due: April 15, 2026	
	E. Pre-Qualification Completed: April 15, 2026	
	F. Ethics Declaration Forms submitted to Ethics: April 16, 2026	
	G. Protest Period End Date: October 20, 2026	
5.	**Solicitations Downloaded**: 25	**Proposals Received**: 1
6.	**Contract Administrator**: Uriel Villa	**Telephone Number**: (213) 922 1025
7.	**Project Manager**: Richard Lozano	**Telephone Number**: (213) 792 8047

A. Procurement Background

This Board Action is to approve Contract No. OP136051000 to transport, inspect, overhaul, and test four hundred and eighty-seven (487) P3010 Heating, Ventilation, and Air-Conditioning assemblies in support of Metro's P3010 LRVs. Board approval of the contract award is subject to the resolution of any properly submitted protest(s), if any.

Request for Proposal (RFP) No. OP136051 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm-fixed price. The Diversity & Economic Opportunity Department (DEOD) did not recommend a goal for this project.

Five (5) amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on January 23, 2026, updated the Letter of Invitation.
- Amendment No. 2, issued on February 5, 2026, extended the questions due date and provided updated DEOD documents.
- Amendment No. 3, issued on February 19, 2026, extended the proposal due date and updated documents.
- Amendment No. 4, issued on February 27, 2026, updated the Exhibits folder.
- Amendment No. 5, issued on April 2, 2026, extended the proposal due date.

A total of twenty-five (25) firms downloaded the RFP and were included in the planholders' list. A virtual pre-proposal conference was held on February 6, 2026, and was attended by five (5) participants representing four (4) firms. There were twelve (12) questions received for this RFP and responses were provided prior to the proposal due date.

A single proposal was received on April 15, 2026, from the following firm:

1. Merak North America LLC (Merak)

Staff conducted a market survey to request information from prospective proposers to determine why no additional proposals were submitted. Inquiries were made to all firms that downloaded the solicitation. Five (5) firms responded that the scope of services was not aligned with their line of work and one firm responded that they did not download the RFP in time. The results of the market survey indicated that factors beyond LACMTA's control caused the potential sources not to submit proposals and that there were no restrictive elements in the solicitation documents that prevented competition.

B. Evaluation of Proposals

A diverse Proposal Evaluation Team (PET) consisting of experienced staff from LACMTA Transit Vehicle Engineering, Rail Vehicle Maintenance, and Transportation Planning was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was initially evaluated based on the pass/fail minimum qualification criteria outlined in the RFP. The pass/fail requirements required proposers to demonstrate that they hold and can provide a copy of at least one of the following certifications: Association of American Railroads (AAR) Certification of Quality Assurance Program; International Standards Organization (ISO) 9001 Quality Management System; or International Railway Industry Standards (IRIS).

The PET determined that the single proposal received passed the minimum qualification requirements and was further evaluated based on the following weighted evaluation criteria:

• Proposer (Including Subcontractor(s)) Experience and Past Performance	30%
• Project Manager and Key Staff Qualifications	30%
• Work Plan/Project Approach	25%
• Cost Proposal	15%

The evaluation criteria are appropriate and consistent with criteria developed for similar rail vehicle overhaul procurement projects. Several factors were considered when developing these weights, giving the greatest importance to Proposer

Experience and Past Performance and Project Manager and Key Staff's Qualifications requirements.

The proposal evaluation kick-off meeting was conducted on June 22, 2026. Evaluations were conducted between July 8 and August 31, 2026, when the PET determined that Merak was responsive to the requirements of the RFP and recommended the firm for contract award.

Qualifications Summary of Qualified Firm:

Merak North America LLC

Merak North America LLC is a leading provider of rail climate control technology and services with extensive experience supporting transit agencies across North America. With over 60 years of industry experience, Merak specializes in the overhaul, modernization, and maintenance of critical rail systems, including heating, ventilation, air conditioning (HVAC), and air quality treatment equipment. As an Original Equipment Manufacturer (OEM) and authorized service provider for multiple transit fleets, including Metro's P3010 light rail vehicles, Merak offers robust in-house capabilities for engineering, testing, remanufacturing, and quality assurance. Its U.S.-based facilities in Westminster, MD, and its strong global supply chain infrastructure ensure timely delivery, technical accuracy, and lifecycle support making Merak North America LLC a well-qualified firm to perform the P3010 Rail Vehicle HVAC Overhaul.

The following is a summary of the PET evaluation:

1	Firm	Maximum Score	Average Score
2	**Merak North America LLC**		
3	Proposer (Including Subcontractor(s)) Experience and Past Performance	30.00	27.20
4	Project Manager and Key Staff's Qualifications and Experience	30.00	24.83
5	Work Plan/Project Approach	25.00	20.95
6	Cost Proposal	15.00	15.00
7	**Total**	**100.00**	**87.98**

C. Cost Analysis

The recommended price has been determined to be fair and reasonable based upon an Independent Cost Estimate (ICE), cost analysis, technical evaluation, negotiations and the expectation of competition.

	Proposer Name	Metro ICE	NTE Amount
1.	**Merak North America LLC**	**$19,641,000.00**	**$10,275,213.00**

The Contract Administrator led discussions with Merak to address questions and receive clarification of their past performance, proposed resources, and work area facility footprint within their proposal. Following these discussions, Merak made price adjustments and submitted a revised Best and Final Offer (BAFO) which included a reduced proposal price in the amount of $10,275,213.00. The PET team was able to confirm that the proposal met the requirements set forth in the scope of services. The 48% variance between the ICE and the proposal is due to the ICE's inclusion of anticipated inflation over the contract term, including HVAC-specific escalation assumptions. Merak's final proposal was determined to be fair and reasonable.

D. Background on Recommended Contractor

Merak North America LLC, with its home office in Westminster, MD, specializes in rail climate control equipment and services, including HVAC overhaul, modernization, maintenance, engineering, testing, remanufacturing, and quality assurance. Merak has experience supporting rail HVAC overhaul and maintenance programs, including Metro's P3010 light rail vehicles. Merak was acquired by OpenGate Capital on July 28, 2026.

Merek has provided services to Metro, and its performance has been satisfactory.

DEOD SUMMARY

P3010 LIGHT RAIL VEHICLE (LRV) HEATING, VENTILATION, AND AIR CONDITIONING (HVAC) OVERHAUL

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) participation goal for this procurement due to the lack of certified small businesses that perform this service. Merak North America LLC listed one SBE firm to perform the services of this contract.

Small Business Goal	**0% SBE 0% DVBE**	**Small Business Commitment**	**37.68% SBE 0% DVBE**

	SBE Subcontractors	% Committed	LSBE	Non-LSBE
1.	Locomotive Climate Solutions LLC	37.68%		X
	Total SBE Commitment	**37.68%**		

B. Living Wage 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 requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

D. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

E. Project Labor Agreement/Construction Careers Policy (PLA/CCP)

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.

RAIL FLEET SERVICES

P3010 LIGHT RAIL VEHICLE (LRV) HEATING, VENTILATION, AND AIR CONDITIONING (HVAC) EQUIPMENT OVERHAUL

Metro

Operations, Safety, & Customer Experience Committee Meeting
October 15, 2026

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

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B. ESTABLISH a Life of Project (LOP) budget of $82,562,929 for the P3010 Component Overhaul tasks - Phase 2.

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ISSUE & DISCUSSION

AWARDEE

Merak North America LLC

NUMBER OF BIDS/PROPOSALS

One bidder – Merak North America LLC

DEOD COMMITMENT

DEOD did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goal for this procurement due to the lack of certified small business that perform this service.

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ISSUE & DISCUSSION

ISSUE

The Original Equipment Manufacturer (OEM), identified and established an overhaul schedule for the HVAC equipment at the 600,000-mile interval to ensure continued equipment reliability while ensuring passenger comfort.

The P3010 LRV fleet is currently undergoing phase 1 overhauls on four vehicle systems including friction brake, trucks, slewing ring, and battery under CP #214009. This request is to establish phase 2 LOP budget to complete the remaining projects.

DISCUSSION

The HVAC equipment is a critical system overhauling at the OEM recommended interval is consistent with Metro's core goals providing clean, safe, and reliable service that includes operator and passenger comfort.

The phase 2 overhaul projects consist of master controller, high-speed circuit breaker, pantograph, coupler, low-voltage power supply, propulsion, and HVAC equipment

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