



## Board Report

File #: 2025-0465, File Type: Informational Report

Agenda Number: 18.

### CONSTRUCTION COMMITTEE JULY 16, 2025

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL CONSTRUCTION CHANGE ORDER SPOT CHECKS**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE Office of the Inspector General Construction Change Order Spot Check Report for the period March 1, 2025, to May 31, 2025.

#### **ISSUE**

On January 25, 2018, the Metro Board directed the Office of the Inspector General (“OIG”) to conduct random spot checks on change orders for the construction projects listed in the quarterly program management report to ensure that the CEO Delegation of Authority to approve Construction Change Orders Policy is performing in the manner desired by the Board of Directors.

#### **BACKGROUND**

The OIG’s Construction Change Order Spot Check Program (“Spot Checks”) focuses on approved change orders and modifications that exceed \$500,000. The four change orders in this report were selected from the Program Management Quarterly Major Project Status for the period of March 1, 2025, to May 31, 2025. The OIG gathers the data, reviews all the change orders over \$500,000, and selects change orders from the major projects. The information for the Spot Checks was collected from the Program Management Information System (PMIS), which is the department’s database system. Also, virtual meetings and telephonic interviews were conducted with Metro Program Management, Project Control, and Procurement staff from each involved project office.

For each Spot Check, we summarized:

- Description of the change order,
- Change order detail,
- Scope of Work,
- Budget,
- Schedule (Time to execute the change order),

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- Safety, and
  - Recommendations (lessons learned).

Metro's Program Management or Control department has provided input to this report before its issuance, and they are asked to provide written responses to the recommendations in this OIG Spot Checks Report within approximately 30 days after this Report is issued. Included with this report is a spreadsheet with the status of responses concerning previous OIG Spot Check Report recommendations (Attachment B).

## **DISCUSSION**

### **Spot Checks Performed in this Quarter**

#### **Spot Check #1 - Rail to Rail Active Transport Corridor Project**

This OIG Spot Check report pertains to the Rail to Rail Active Transport Corridor Project (Contract C1166 MOD 00136), Differing Site Conditions.

#### **Change Order Detail**

See Attachment A, Spot Check #1 table.

#### **Summary #1**

**Scope of Work** - This change order of \$552,382.69 is for MOD 00136. This modification was issued to compensate the Contractor for differing site conditions at the Rail to Rail Active Transport Corridor Project C1166. The original project scope involved removing the existing pavement and 8 inches of subsurface material, which was assumed to be crushed miscellaneous base (CMB), at various street intersections within the City of Los Angeles public right-of-way. The removal of pavement at these intersections was necessary because they crossed the project boundary.

The subsurface conditions on the public right-of-way were not identified in the project plans or geotechnical reports. In total, approximately 752 cubic yards of native soil were removed, and additional effort was required by the Contractor to haul and properly dispose of this unexpected material.

#### **Questions for Metro Project Management**

1. Did the design team perform adequate due diligence in their subsurface evaluations?
2. Were historical reference records reviewed during the design development phase and prior to bid solicitation, such as boring logs or Bureau of Engineering drawings?

#### **Response from Metro Project Management**

1. Subsurface borings were conducted as part of the geotechnical investigation; however, the scope was limited exclusively to the Metro right-of-way. No borings or subsurface evaluations were performed within the street intersections of the public right-of-way, resulting in an

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incomplete subsurface profile for the overall project boundary.

2. Yes, historical records were reviewed during the design development and were provided to the Contractor during the bid solicitation process. The historical records were not sufficiently clear at all intersections. Additionally, the designer only documented the subsurface material encountered at utility locations and lacked documentation at the street intersection locations where utilities were not present, and the native soil was later discovered.

**Budget** - This change order for MOD 00136 was negotiated to \$552,382.69. The Contractor's cost and scheduled proposal (CSP) was \$552,382.69, and the Independent Cost Estimate (ICE) was \$868,469. The ICE is \$316,086.31 (36.40%) over the CSP and the negotiated amount. The variance from the ICE and Contractor's Price was attributed to the estimator envisioning a larger scope of work, which was later clarified by Metro Project Management. It was determined that the final cost proposed by the Contractor was fair and reasonable. The project staff stated that funding for this change order is within the approved Life-of-Project budget.

**Schedule** - The CEO Delegation of Authority process was utilized for this change order. The Contractor notified Metro of the differing site conditions and request for change (RFC) on January 21, 2025. Metro agreed on the Scope of Work on March 17, 2025. The modification was awarded on March 26, 2025, and it took the staff three workdays to complete all signature approvals for a total of ten workdays to complete the process. Under the prior Board approval method for change orders, assuming presentation at the May Board meeting date, it would have taken a total of forty-one workdays to complete the transaction.

**Safety** - The Rail to Rail Active Transport Corridor Project has 387,164 Project hours through April 2025 with a Total Recordable Injury Rate (TRIR) of 2.07 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away Restricted or Transferred (DART) rate of 1.55 (the Bureau of Labor Statistics National Average is 1.5).

**Recommendations/Lessons Learned** - CONSIDER: It is recommended that the Metro designer conduct comprehensive subsurface investigations within the project boundary, which includes the public right-of-way (city property) and the Metro right-of-way (Metro property) during the design phase. Furthermore, the potholing checklist should be revised to document all subsurface material encountered, not only at the utility locations.

### **Spot Check #2 - Purple Line Extension Section 3 Transit Project**

This OIG Spot Check report pertains to the Purple Line Extension 3 Project (Contract C1152 MOD 00148), Design of Hi-Rail Vehicle Storage.

#### **Change Order Detail**

See Attachment A, Spot Check #2 table

### **Summary #2**

**Scope of Work** - This change order of \$6,692,007 is for MOD 00148. It is related to the Purple Line Extension 3 (PLE3) Project C1152 for the design to modify a section of the tracks and the Tail Track Exit Shaft at the west terminus of the PLE3 alignment for the storage of Hi-Rail vehicles. The proposed design will incorporate a motorized turntable to enable Hi-Rail vehicles to turn around in the

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shaft and drive back to the Division 20 Maintenance Yard. This design modification will involve infrastructure improvements to the electrical system, as well as the installation of safety features, including a linear heat detection and fire suppression system, a gas detection system, and exhaust fans. This modification is essential for storing and managing access to Hi-Rail vehicles, which will significantly reduce transit service delays when Hi-Rail vehicles are deployed.

**Budget** - This change order for MOD 00148 was negotiated to \$6,692,007. The Contractor's cost and schedule proposal (CSP) was \$10,979,572, and the Independent Cost Estimate (ICE) was \$6,461,592.62. The ICE is \$4,517,979.38 (41.15%) under the CSP. The negotiated amount is \$230,414.38 (3.57%) over the ICE. The project staff stated that funding for this change order is within the approved Life-of-Project budget.

**Schedule** - The CEO Delegation of Authority process was utilized for this change order. The Contractor and Metro agreed on the Scope of Work on March 21, 2025. The modification was awarded on May 20, 2025, and it took the staff a total of twelve workdays to complete all signature approvals for a total of forty-one workdays to complete the process. Under the prior Board approval method for change orders assuming presentation at the June Board meeting date, it would have taken a total of sixty-one workdays to complete the transaction.

**Safety** - The Purple Line Extension 3 Project C1152 has 2,278,171 Project hours through April 2025 with a Total Recordable Injury Rate of 0.79 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away Restricted Transferred (DART) rate of .18 (the Bureau of Labor Statistics National Average is 1.5).

**Recommendations/Lessons Learned** - No recommendations by the OIG.

### **Spot Check #3 - Purple Line Extension Section 2 Transit Project**

This OIG Spot Check report pertains to the Purple Line Extension Section 2 (Contract C1120 MOD 00247.1), Memorandum of Agreement (MOA) impacts at the Wilshire/Rodeo Station for Street-Level Restorations.

#### **Change Order Detail**

See Attachment A, Spot Check #3 table.

#### **Summary #3**

**Scope of Work** - This change order of \$13,193,811 is for MOD 00247.1. It pertains to the Purple Line Extension 2 (PLE2) Project C1120. This modification is related to the Wilshire/Rodeo Station for street-level restoration and the impacts of evolving developments, as outlined in a Memorandum of Agreement (MOA) between the City of Beverly Hills and Metro. The MOA was initially drafted in 2017 but was not fully negotiated and agreed upon by both parties until 2019. The 2017 MOA terms referenced in the Contractor's base contract diverged from the terms outlined in the 2019 MOA, resulting in the misalignment of the contract terms between Metro and the Contractor.

This Change Order is not a scope expansion beyond what was originally planned in terms of physical work for the Contractor, but rather a cost realignment due to community-driven constraints of the Beverly Hills final MOA requirements that materially changed the time, manner, and cost of performing the work for the Contractor.

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**Background and Origin of the MOA**

In 2017, a preliminary MOA was drafted to establish a cooperative framework between Metro and the City of Beverly Hills. The purpose of the MOA was to manage community impacts, define acceptable construction practices, and address traffic disruptions in one of Beverly Hills' most commercially sensitive zones. The proposed plan, at the time, allowed for a five-week continuous closure of Wilshire Boulevard between Beverly Drive and Crescent Drive. This approach was expected to minimize the overall project duration and consolidate the necessary disruptions into a short, defined period.

However, following the proposal of the 2017 MOA, the Beverly Hills City Council expressed significant concerns. The Council was particularly concerned about how the closure would affect nearby high-profile retail and hospitality businesses. The Council requested modifications to the proposed schedule, asserting that a five-week full closure would impose unacceptable levels of disruption, economic hardship, and logistical complications for area stakeholders.

**Delay and Alteration of Memorandum of Agreement (MOA) Terms**

Due to Beverly Hills' objections, the original MOA was not immediately executed. The negotiations between Metro and Beverly Hills continued for approximately two years. During this time, Beverly Hills introduced several new conditions related to work hours, traffic control, business access, noise restrictions, and public safety. These additional provisions were not included in the 2017 version of the MOA and were not reflected in the contract that Metro executed with the Contractor.

In 2019, the parties finalized and executed a revised MOA. However, by this point, the scope of allowable construction activity had changed dramatically from what was anticipated in the 2017 version. Instead of permitting a consecutive five-week full closure of Wilshire Boulevard and Beverly Drive, the 2019 MOA prohibited extended full closures of these roads and mandated that work be conducted exclusively on weekends over an eighteen-week period.

In late 2024, Metro submitted a proposed variance to the MOA, seeking approval for a full street closure and continuous, around-the-clock construction, three weeks for Wilshire Boulevard and six weeks for South Reeves Drive. The proposal also incorporated three weekend contingencies and the installation of a sixteen-foot-tall sound barrier on South Reeves Drive to mitigate noise impacts for the duration of this work.

On February 5, 2025, the Beverly Hills City Council formally approved and executed Metro's variance to the 2019 Memorandum of Agreement (MOA). This approval marked a significant milestone on the PLE2 Project, enabling construction to proceed within a shorter duration and with less public disruption by applying value engineering methodology to enhance constructability.

**Restrictions and Impact on the Contractor's Scope**

These changes had a cascading effect on the Contractor's cost structure. Each weekend closure required the development and implementation of traffic management plans, public safety measures, community outreach, and site-specific access accommodations. Additionally, equipment had to be repeatedly transported, staged, and secured to accommodate Beverly Hills' restrictions on weekday work. These operations involved not just added labor but also additional security, material handling, and inspection personnel. All of these factors contributed to a significant increase in the cost and complexity of performing the restoration work.

**Budget** - This change order for MOD 00247.1 was negotiated to \$13,193,811. The Contractor's cost and schedule proposal (CSP) was \$18,344,400, and the Independent Cost Estimate (ICE) was \$13,502,142. The ICE is \$4,842,258 (26.4%) under the CSP. The negotiated amount is \$308,331 (2.28%) under the ICE. The variance between the ICE and the contractor's proposal was attributed to the estimator's assessment that the defined scope of work could be completed within a shorter duration, thereby reducing the overall estimated cost. Furthermore, the project team personnel provided input regarding the anticipated level of effort, which was instrumental in determining a fair and reasonable price. The project staff stated that funding for this change order is within the approved Life-of-Project budget.

**Schedule** - The CEO Delegation of Authority process was utilized for this change order. The Contractor and Metro agreed on the Scope of Work on March 20, 2025. The modification was awarded on March 28, 2025, and it took the staff a total of twenty-two workdays to complete all signature approvals for a total of twenty-seven workdays to complete the process. Under the prior Board approval method for change orders, assuming presentation at the June Board meeting date, it would have taken a total of sixty-two workdays to complete the transaction.

**Safety** - The Purple Line Extension 2 Project C1120 has 5,414,921 Project hours through April 2025 with a Total Recordable Injury Rate of 2.18 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away Restricted Transferred (DART) rate of .44 (the Bureau of Labor Statistics National Average is 1.5).

**Recommendation/Lessons Learned** - CONSIDER: Securing a Memorandum of Agreement ahead of time, where possible, and ensure that Metro incorporates the MOA conditions into the contract terms with the Contractor.

#### **Spot Check #4 - LAX/Metro Transit Center Station Project**

This OIG Spot Check report concerns the LAX/Metro Transit Center Station Project (Contract C1197 MOD 00056), Art Work Impacts.

#### **Change Order Detail**

See Attachment A, Spot Check #4 table.

#### **Summary #4**

**Scope of Work** - This change order of \$491,998 is for MOD 00056. This modification pertains to the LAX/Metro Transit Center Station Project. It was issued to compensate the Contractor for premium labor costs during the four-week installation of a suspended sculpture that was affixed to the station's ceiling structure, due to the high-risk nature of the overhead installation and the potential risk of falling objects. Metro proactively directed the Contractor to accelerate their work schedules around the art installation. This ensured the safety of all trades in the same vicinity and mitigated further deviations from the project milestone date.

**Budget** - This change order for MOD 00056 was negotiated to \$491,998. The Contractor's cost and scheduled proposal (CSP) was \$496,638, and the Independent Cost Estimate (ICE) was \$492,991.38. The ICE is \$3,646.62 (.73%) under the contractor's proposal. The negotiated amount is \$993.38 (.20%) under the ICE. The project staff stated that funding for this change order is within the approved Life-of-Project budget.

**Schedule** - The CEO Delegation of Authority process was utilized for this change order. The Contractor and Metro agreed on the Scope of Work on May 2, 2025. The modification was awarded on May 21, 2025, and it took the staff a total of two workdays to complete all signature approvals for a total of fifteen workdays to complete the process. Under the prior Board approval method for change orders, assuming presentation at the July Board meeting date, it would have taken a total of fifty-one workdays to complete the transaction.

**Safety** - The LAX/Metro Transit Center Station Project has 1,577,260 Project hours through April 2025 with a Total Recordable Injury Rate (TRIR) of 1.27 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away Restricted or Transferred (DART) rate of .0 (the Bureau of Labor Statistics National Average is 1.5).

**Recommendations/Lessons Learned** - No recommendations by the OIG.

### **FINANCIAL IMPACT**

This report will have no financial impact on the Agency beyond what is described herein.

#### **Impact to Budget**

For all the construction change orders reviewed, Metro staff stated that the funds are within the approved budget and will utilize the contingency funds to cover the costs from the Life-of-Project budget.

- Spot Check #1) \$552,382.69 Rail to Rail Active Transport Corridor Project
- Spot Check #2) \$6,692,007 Purple Line Extension 3 Transit Project
- Spot Check #3) \$13,193,811 Purple Line Extension 2 Transit Project
- Spot Check #4) \$491,998 LAX/Metro Transit Center Station Project

### **EQUITY PLATFORM**

In the opinion of the OIG , we considered whether these change orders presented any equity-related issues on their face. The OIG did not receive any data concerning community impacts. The OIG observed no obvious disparate impacts created by these change orders on small businesses or low-income persons or by the performance of the work in a manner that impacted a disadvantaged community beyond what is typical and usual when conducting any construction.

### **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's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active

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transportation, it is a vital part of Metro Program Management, Safety in construction, and effective financial management. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, it is consistent with the goal of reducing VMT.

\*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**

The Office of Inspector General reviews large change orders over a calendar quarter and makes recommendations as appropriate to support Metro's Strategic Plan Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization and CEO goals to exercise fiscal discipline to ensure financial stability. The OIG mission includes reviewing expenditures for fraud, waste, and abuse in Metro programs, operations, and resources. For each selected change order reviewed, the OIG evaluates whether there are red flags of fraud, waste, or abuse taking place. We report the details of the significant change orders and make recommendations consistent with the OIG's Construction Best Practices report dated February 29, 2016, and supplemental report in 2023 more particularly focusing on safety, lessons learned, improving efficiencies, and prudent spending.

## **NEXT STEPS**

The OIG shall provide every quarter, an ongoing spreadsheet of recommendations to Program Control and Program Management. Program Control and Program Management agrees to respond to the recommendations of the OIG within 30 days. The OIG continues to meet periodically to discuss reports, recommendations, and the status of implementation of the recommendations with Project Management, and receive updates. The list of OIG recommendations and Metro management responses is an attachment to this OIG report (Attachment B).

## **ATTACHMENTS**

Attachment A - Change Order Details for Spot Checks in this report

Attachment B - OIG Recommendations and Responses Tracking Sheet

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Reviewed by: Karen Gorman, Inspector General, (213) 244-7337



### **Spot Check #1 – The Rail to Rail Active Transport Corridor Project – Contract C1166**

#### **Change Order Details**

<u>Description of Modification or Change Order – MOD 00136</u> Differing Site Conditions.	
<u>Change Order Dates:</u>	
Scope of Work approved	March 17, 2025
Awarded to the Contractor	March 26, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process	10 workdays
Estimate using former Board approval process Agenda for the May 14, 2025 Board Meeting	41 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$868,469
Contractor's Stated Proposal (CSP)	\$552,382.69
Negotiated amount	\$552,382.69
Percentage of negotiated amount <i>over/under</i> ICE	36.40%
Amount less than the Contractor's Stated Proposal (CSP)	\$0

### **Spot Check #2 – The Purple Line Extension Section 3 Transit Project - Contract C1152**

#### **Change Order Details**

<u>Description of Modification or Change Order – MOD 00148</u> Design of Tail Tracks for Hi-Rail Vehicle Storage.	
<u>Change Order Dates:</u>	
Scope of Work approved	March 21, 2025
Awarded to the Contractor	May 20, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	41 workdays
Estimate using former Board approval process Agenda for the June 18, 2025 Board Meeting	61 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$6,461,592.62
Contractor Stated Proposal (CSP)	\$10,979,572
Negotiated amount	\$6,692,007
Percentage of negotiated amount <i>over/under</i> (ICE)	3.57%
Amount less than the Contractor's Stated Proposal (CSP)	\$4,287,565

### **Spot Check #3 – The Purple Line Extension Section 2 Transit Project - Contract C1120**

#### **Change Order Details**

<u>Description of Modification or Change Order – MOD 00247.1</u> Memorandum of Agreement (MOA) impacts at the Wilshire/Rodeo Station for Street-Level Restorations.	
<u>Change Order Dates:</u>	
Scope of Work approved	March 20, 2025
Awarded to the Contractor	March 28, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	27 workdays
Estimate using former Board approval process Agenda for the June 18, 2025 Board Meeting	62 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$13,502,142
Contractor Stated Proposal (CSP)	\$18,344,400
Negotiated amount	\$13,193,811
Percentage of negotiated amount <i>over/under</i> (ICE)	2.28%
Amount less than the Contractor's Stated Proposal (CSP)	\$5,150,589

### **Spot Check #4 – The LAX/Metro Transit Center Project - Contract C1197**

#### **Change Order Details**

<u>Description of Modification or Change Order – MOD 00056</u> Art Work Impacts	
<u>Change Order Dates:</u>	
Scope of Work approved	May 02, 2025
Awarded to the Contractor	May 21, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	15 workdays
Estimate using former Board approval process Agenda for the July 16, 2025 Board Meeting	51 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$492,991.38
Contractor Stated Proposal (CSP)	\$496,638
Negotiated amount	\$491,998
Percentage of negotiated amount <i>over/under</i> (ICE)	.20%
Amount less than the Contractor's Stated Proposal (CSP)	\$4,640



## ATTACHMENT B (JULY 2025)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<b>Spot Check #1 – Rail to Rail Active Transport Corridor Project</b> This OIG Spot Check report pertains to the Rail to Rail Active Transport Corridor Project (Contract C1166 MOD 00136), Differing Site Conditions.	It is recommended that the Metro designer conduct comprehensive subsurface investigations within the <b>project boundary</b> , which could include the public right-of-way (city property) and the Metro right-of-way (Metro property) during the design phase. Furthermore, the potholing checklist should be revised to document all subsurface material encountered, not only at the utility locations.	Project Management agreed with the recommendation.	June 6, 2025
<b>Spot Check #3 - Purple Line Extension Section 2 Transit Project</b> This OIG Spot Check report pertains to the Purple Line Extension Section 2 (Contract C1120 MOD 00247.1), Memorandum of Agreement (MOA) impacts at the Wilshire/Rodeo Station for Street-Level Restorations.	Securing a Memorandum of Agreement ahead of time, where possible, and ensure that Metro incorporates the MOA conditions into the contract terms with the Contractor.	Project Management agreed with the recommendation.	June 5, 2025

ATTACHMENT B (APRIL 2025)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<b>#1 The Rail to Rail Active Transport Corridor Project.</b> This OIG Spot Check report concerns the Rail to Rail Active Transport Corridor Project (Contract C1166, MOD 00113) Bollard Procurement.	<p>The OIG requested an explanation of why Metro accepted the contractor's proposal of \$831,894.21, which was 33% higher than the Independent Cost Estimate, and what caused such a significant difference between the two amounts.</p> <p>The OIG supports the recommendation of SSLE and Metro's ongoing efforts to incorporate safety considerations into public right-of-way management. This approach enhances accessibility and ensures that public spaces are safer and more navigable for all, including pedestrians and cyclists.</p>	<p>The Project Team accepted the Contractor's proposal due to several factors. To meet the substantial completion date and the scheduled opening in April, the Project incurred additional costs to expedite the procurement process. Consequently, the Contractor included an expediting fee to ensure timely delivery.</p> <p>Additionally, the Contractor's proposal accounted for costs not included in the Independent Cost Estimate but essential for the Project, such as storage, touch-up painting, handling/transportation, and anti-graffiti coating.</p>	March 7, 2025
<b>#2 The Purple Line Extension Section 2 Transit Project.</b> This OIG Spot Check report concerns the Purple Line Extension 2 (Contract C1120, MOD 00230.1). Additional project staffing and compliance activities for changes issued during the base design phase	<p><b><u>Question to the Purple Line Extension 2 Program Management.</u></b></p> <p>The OIG requested an explanation of what caused the need for additional project staffing that the Contractor did not consider and plan during the bidding process.</p> <p>No Recommendations for this spot check on the basis of management's response.</p>	<p>The project underwent significant design changes that exceeded what could have been reasonably anticipated, requiring an increase in project staffing. Examples include reorienting and expanding a station entrance by 90 degrees, a major redesign of the storm drainage system, the impact of a global pandemic, and a change to the final tunnel lining material.</p>	March 13, 2024
<b>#3 The Purple Line Extension Section 1 Transit Project.</b> This OIG Spot Check report concerns the Purple Line Extension Section 1 Transit Project (Contract C1045, MOD 00235) The Wilshire/La Cienega Plaza Station Standby Generator, Design and Construction.	<p><b>OIG Recommendations/Lessons Learned</b> – The OIG recommends incorporating larger equipment specifications early in the procurement process, which allows for more accurate budgeting and planning. This proactive approach helps establish a consistent set price and reduces the likelihood of unforeseen expenses.</p>	<p>The project underwent significant changes, and I see some risk in doing that on design-build contracts because Metro would be buying something that may have complications with the design-builder's final design.</p>	April 15, 2025
<b>#4 The I-5 North County Enhancement Project.</b> This OIG Spot Check report concerns the I-5 North County Enhancement Project (Contract C70396C1205, MOD 00050) Differing Site Conditions.	<p><b>OIG Recommendations/Lessons Learned</b> – The project management software "Headlight," which is being used on this project to review the daily reports for the period of the modification. There was no record of the modification on Metro's Project Management Information System (PMIS) from the Project team for 19 months. There was no comment by the Resident Engineer about the site conditions concern in the Daily Reports in Headlight. Management indicates that this is because it is in the Risk Register until the change order is complete. The OIG does not currently have access to the database. We request access to that in the future to enable us to better evaluate these types of matters.</p>	<p>Management responded: Management indicated that the information was being tracked on a risk register and was pending merit from the contractor.</p>	April 12, 2025

Attachment B - OIG Spot Check Tracking Log: Fiscal Year Recommendations and Responses Pending Resolution

	<p><b>Recommendation 1:</b> The OIG recommends that the Project team review the Capital Project requirements referred to in the Configuration Management Policies and Procedures in CF01-CF04, CF07, and CF10. Metro’s Program Management Information System (PMIS) must be the primary source for document control, such that a major pending change order has a placeholder noted in PMIS.</p> <p><b>Recommendation 2:</b> For best practices of project controls and fostering transparency, modifications should be entered in a timely manner. The validity of the submitted information is uncertain, and I recommend that the Project team audit the supporting documents for the modification. The documentation input on (PIMS) submitted by the Project team does not align with the dates of the contractor’s or inspectors' reporting in “Headlight,” indicating a possible communication disparity between the use of both programs, unless the information is contained in the Risk Registry.</p> <p><b>Recommendation 3:</b> The OIG recommends considering negotiating and closing out Contractor claims through early intervention. This theory proactively addresses claims, and helps prevent cost overruns, foster transparency and cooperation between the Contractor and Project management, and reduces schedule delays, and financial uncertainty; even though some believe it may introduce conflict that could strain the working relationship during the project, the benefits of early engagement often outweigh the risk.</p>		
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## ATTACHMENT B (FEBRUARY 2025)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<b>#1 Airport Metro Connector (AMC) Project.</b> This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00045) LRT Excessive Deflection.	<p>The OIG requested a response from the Project Management team to a series of questions to justify Metro's reasoning for approving the cost.</p> <p>To streamline future adjustments, it is recommended to implement engineering controls and monitoring systems to detect anomalies early in the project lifecycle. Additionally, Metro's quality assurance protocols could benefit from enhancements that balance safety, quality, time, and budget considerations. For instance, ensuring adequate time for structural completion before commencing finishing works could prevent similar change orders in the future.</p>	<p>Response and justification from Management:</p> <ul style="list-style-type: none"> <li>a) The variation between the ROM, ICE, and final Change Amount resulted from additional RFI details and evolving market and project conditions that increased costs. After contractor negotiations, the increase was deemed justifiable. A cost-benefit analysis weighed deflection corrections against schedule impacts, leading to the most efficient solution. Two in-person negotiation rounds ensured the contractor's proposal was accurate and aligned with field performance.</li> <li>b) Recovery costs were deemed unfeasible for AMC due to complex project conditions, including delegated designs, challenging field scenarios, tight schedules, logistical constraints, and structural steel integration. Lacking evidence of significant design or workmanship issues by the Engineer of Record (EOR) or Contractor, no basis exists to invoke warranties or pursue recovery.</li> </ul>	November 13, 2024
<b>#2 WS Purple Line Ext. 2 Project.</b> This OIG Spot Check report concerns the WS Purple Line Extension 2 (Contract C1120, MOD 00227) Storm Drain /Unforeseen Conditions.	<p>I have requested a response from the Project Management team to a series of questions to justify Metro's reasoning.</p> <p>The prime contractor and infrastructure designer did not account for the sewer lateral in their plans because there was no indication in reference documents provided by the Los Angeles Bureau of Engineering (LABOE). The contractor utilized utility location methods (i.e., potholing and GPR) which were unsuccessful. I reviewed the contractor processes and as-build utility records with the Los Angeles Bureau of Engineering (LABOE), which revealed no records of the private sewer lateral and supports the justification of the change order.</p>	<p>The cost for the modification encompassed temporary remediation and repair of the sewer lateral, which was an unforeseen condition not reflected in the city-provided as-built drawings. These unexpected circumstances necessitated immediate corrective action to maintain project continuity and further impact residents.</p> <p>The OIG accepts Management's justification of modification.</p>	November 7, 2024

Attachment B - OIG Spot Check Tracking Log: Fiscal Year Recommendations and Responses Pending Resolution

<p><b>#4 Airport Metro Connector (AMC) Project.</b></p> <p>This OIG Spot Check report concerns the Airport Metro Connector 96<sup>th</sup> St Transit Station (Contract C1197, MOD 00049) Improvements of the north-end perimeter site fencing.</p>	<p>The OIG requested Management’s justification to the modification and reasoning that necessitated the improvements to north-end perimeter site fencing.</p>	<p>The change includes costs associated with the design, materials, and construction that were necessitated by the increased number of bus chargers and modifications implemented by the LADWP.</p>	<p>October 24, 2024</p>
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## ATTACHMENT B (JANUARY 2024)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<b>#1 Division 20 Portal Widening Turnback Project.</b> This OIG Spot Check report concerns the Division 20 Portal Widening Turnback Project (Contract C1136, MOD 0109) Lighting Various Civil and Electrical Changes.	The OIG recommends continuing forward with cost recovery from the Designer of Record.	Management concurs with the OIG recommendation and intends to pursue cost recovery for errors and omissions (E&O) from the Design Firm of Record.	November 23, 2023
<b>#2 Airport Metro Connector (AMC) Project.</b> This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00027) Low Voltage Cabling.	The OIG recommends that the project office contacts the Airport monorail construction support team and recommend they install the Low Smoke Zero Halogen (LSZH) type fiber optic cable also.	The Project will coordinate with LAWA to install Corning's NFPA 130 compliant optical cable type which also meets Low Smoke Zero Halogen (LSZH) classification to be consistent with the optical cables on AMC project.	November 17, 2025
<b>#3 The Purple Line Extension Section 1 Transit Project.</b> This OIG Spot Check report concerns the Purple Line Extension Section 1 Transit Project (Contract C1045, CO 0045) SCE and LAWDWP Change to Electrical Rooms and Equipment, Construction and Design with minor changes.	<p>The OIG recommends staff work closely with SCE and LADWP to confirm their approvals for the requested work and to update any MRDC standard or specification to ensure that Metro corrects any out of date standards in relations to SCE or LADWP.</p> <p>It is recommended that Management discuss with the Diversity and Economic Development Department if the standard change order language might be revised to indicate a particular SBE/DBE goal for the change order "unless the contractor has already met the SBE/DBE goal for the contract as a whole".</p>	<p><b>#3 (Top Half):</b> The Project will continue to work closely with DWP/SCE. Metro engineering (Gateway) can look into updating the MRDC with some of the more significant changes that DWP/SCE requested but It should be noted that many of the changes that LADWP and SCE request are not in the ESR Manual or any other type of standard but came about due to safety concerns as they progressed through the work in the field.</p> <p><b>#3 (Bottom Half):</b> The Project Manager and DEOD clarified the Contract requirements for achieving the DBE goal for Changed Work in the above attached letter.</p>	November 30, 2025

## ATTACHMENT B (OCTOBER 2023)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<b>#1 Division 20 Portal Widening Turnback Project.</b> This OIG Spot Check report concerns the Division 20 Portal Widening Turnback Project (Contract C1136, MOD 0092) Rebar for Contact Rail Encasement.	The OIG recommends an updated ICE reflecting the complete work that should have been requested to aid in the negotiations with the contractor for final settlement. Lessons Learned is to evaluate duct banks in trenches for compliance with applicable city standards and loading requirements for static and dynamic loading demands when installing these. Future design plans should include this as a requirement to check.	The ICE did not have all the details of the scope of work in correlation with Engineering and contractor means and methods.	December 27, 2024

ATTACHMENT B (JANUARY 2022)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<b>#4 WS Purple Line Extension 3 Project.</b> This OIG Spot Check concerns the Purple Line Extension EXT.3 (Contract C1152 MOD-0007) Replacement Parking at VA Hospital Lot 42 During Station Construction.	The OIG recommends that the Contractor be instructed to timely submit cost proposals, enter negotiations, and sign agreements before work is performed so Metro can process the work order close in time to work being performed, not only to pay the contractor but to help ensure the sub-contractors are paid timely.	This recommendation is pending response from Management	

File#  
2025-0465

# Office of the Inspector General Construction Change Order Spot Check Report

Presented By:  
**Karen Gorman**  
Inspector General

July 2025  
Construction Committee  
Los Angeles County Metropolitan Transportation Authority



# Spot Checks 1 & 2

File#  
2025-0465

## 1 – The Rail to Rail Active Transport Corridor Project

**Differing Site Conditions** - This change order is related to differing subsurface materials encountered by the contractor during the removal of pavement at various street crossings on the public right-of-way.

***Recommendation:***

***Award: \$552,382.69***

It is recommended that the Metro designer conduct comprehensive subsurface investigations within the project boundary, which includes the public right-of-way and Metro right-of-way.

## 2 – The Purple Line Extension Section 3 Transit Project

**Design of Tail Tracks for Hi-Rail and LRV Storage** - This change order is related to Design services to modify the tail end section of the tunnel under the VA station for storage of Hi-Rail vehicles and LRVs.

***Recommendation:***

***Award: \$6,662,007***

No recommendations by the OIG.

# Spot Checks 3 & 4

File#  
2025-0465

## 3 – The Purple Line Extension Section 2 Transit Project

**Memorandum of Agreement (MOA) Impacts at the Wilshire/Rodeo Station** – This modification is related to the street-level restoration at the Wilshire/Rodeo Station and the impacts of a 2-year negotiation MOA between Metro and the City of Beverly Hills, resulting in the misalignment of 2017 contract terms between Metro and the Contractor.

***Recommendation:***

***Award: \$13,193,811***

Secure the Memorandum of Agreement ahead of time, where possible, and ensure that Metro incorporates the MOA conditions into the contract.

## 4 – LAX/Metro Transit Center Station Project

**Art Work Impacts** – This modification is related to the Contractor's compensation for the premium work hours that were required to accommodate the installation of the suspended art sculpture.

***Recommendation:***

***Award: \$491,998***

No recommendations by the OIG.

# Spot Check Schedule Comparison

File#  
2025-0465

Project	Title of Change Order	Time Saved Executed Date to Board Mtg.	New Delegated Process Final SOW to Executed Date	Formal Board Approval Process
The Rail to Rail Active Transport Corridor Project	Differing Site Conditions	31	10	41
The Purple Line Extension Section 3 Transit Project	Design of Tail Tracks for Hi-Rail Vehicle Storage	20	41	61
The Purple Line Extension Section 2 Transit Project	Memorandum of Agreement (MOA) Impacts at the Wilshire/Rodeo Station for Street-level Restoration	35	27	62
The LAX/Metro Transit Center Station Project	Art Work Impacts	36	15	51

July 2025  
Construction Committee  
Los Angeles County Metropolitan Transportation Authority

