



Board Report

File #: 2025-0779, File Type: Contract

Agenda Number: 35.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JANUARY 15, 2026

SUBJECT: CONSULTANT SUPPORT SERVICES FOR THE HR4000 HEAVY RAIL VEHICLE (HRV) PROCUREMENT PROGRAM, TECHNICAL MANAGEMENT SUPPORT SERVICES

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE Contract Modification No. 21 to Contract No. OP24162700030433487, a cost plus fixed-fee contract with HATCH Associates Consultants, Inc. (HATCH), formerly LTK Engineering Services for the HR4000 Heavy Rail Vehicle (HRV) Acquisition, Technical Support Services, increasing the Not-To-Exceed (NTE) amount by \$7,857,071 from \$23,557,400 to \$31,414,471 and extending the period of performance from May 1, 2026, to July 30, 2031; and
- B. EXECUTE individual contract modifications within the Board-approved contract modification authority.

ISSUE

To ensure continuity of technical consultant support for the HR4000 Heavy Rail Vehicle Project, it is recommended that Metro extend the existing HR4000 consultant contract.

This contract modification will include additional funding and an extension of the period of performance for Hatch's existing technical support contract on the HR4000 New Heavy Rail Vehicle Acquisition Project.

BACKGROUND

On June 15, 2016, the Board approved Contract No. OP16523-30433487 (Now contract OP24162700030433487), HR4000 Consulting Services for Heavy Rail Vehicle Acquisition, Technical Support Services to Hatch in the amount of \$13,028,744 to provide technical program management support to Metro staff responsible for managing the HR4000 contract for the acquisition and on-time delivery of a base order of 64 heavy rail vehicles (HRVs). Due to the continuous delay with delivery and final acceptance of all 64 rail vehicles, Metro issued multiple modifications within staff delegated

authority to extend the period of performance to April 30, 2022, and increase the NTE Total Contract Price by \$1,199,504.

On April 21, 2022, the Board approved Contract Modification No. 14 to extend the period of performance by 24 months and increase the NTE Total Contract Price by \$5,618,956. Additionally, Metro issued a no-cost Contract Modification No. 18, to extend the period of performance to April 30, 2026, and Contract Modification No. 19 to increase the NTE Total Contract Price by \$3,710,196. A complete list of contract modifications is outlined in Attachment B.

This procurement addresses the need to:

- Expand the rail fleet to accommodate anticipated ridership growth and planned line extensions.
- Replace vehicles reaching the end of their useful service life; and
- Support the Maintenance Department by maintaining adequate spare ratios to prevent deferred maintenance issues.

The objective of Hatch consulting services for Heavy Rail Vehicle Acquisition and Technical Support is to assist Metro's Project Manager in providing engineering and technical oversight of the rail vehicle contractor. This oversight ensures performance consistent with the delivery requirements of the HR4000 HRV procurement.

The consultant provides staff support in the following key disciplines:

- Systems Engineering
- Systems Integration
- Quality Assurance
- Design Conformance Testing
- Inspection and Audit of Fabrication and Assembly Site Activities

All work is performed on an as-needed basis, as directed by Metro through written task orders issued under the consultant contract. Task orders use not-to-exceed pricing based on the fixed labor rates established in the contract. The consultant's staff operates under the daily management and direction of Metro's HR4000 HRV Project Manager.

DISCUSSION

Approval of the recommendation will increase the contract value and corresponding Contract Modification Authority for the existing HATCH Technical Support Services Contract, enabling continued technical support for the HR4000 HRV project. Metro staff require this support to address remaining technical issues and delays, ensuring the final delivery and acceptance of the 64 base HR4000 HRVs and the completion of the warranty period, forecasted for July 2031.

The Scope of Services will include, but is not limited to, oversight of testing and inspection activities; supervision of the Vehicle Contractor's supply chain processes; review and preparation of correspondence in response to technical submissions; support for Project Reviews; document control; and other technical support tasks as directed by the Metro HR4000 Project Manager.

Since the HR4000 HRV Procurement Project contract award in June 2016, HATCH has continuously provided technical support to Metro's Project Team. This included reviewing technical documents, overseeing system and combined-system level integration, witnessing verification and validation of design levels, and inspecting vehicle assembly to identify issues.

The project is currently in the delivery and commissioning phase, a critical period that requires continued support as Metro approves HRV shipments. Pandemic-related restrictions and travel bans extended the time needed for in-person meetings, design reviews, testing validation, and first article inspections. To mitigate delays, Metro on-site testing has been relocated to China, necessitating longer staffing at vendor and manufacturing locations than originally planned. Additionally, importation challenges for car shells and equipment have introduced further delays.

Approval of this recommendation will modify HATCH's existing contract, ensuring uninterrupted technical support for the HR4000 HRV project (206037). This support is essential for addressing the remaining technical issues, achieving final delivery and acceptance of all 64 base HR4000 HRVs, completing the warranty period, and closing out the project, which is forecasted for June 2031.

DETERMINATION OF SAFETY IMPACT

Approval of the increased NTE contract value and extended period of performance will directly enhance system safety, service quality, reliability, maintainability, and overall customer satisfaction. Continued HR4000 technical support services will ensure the safe and reliable execution of the HR4000 Heavy Rail Vehicle Program.

FINANCIAL IMPACT

Board approval of the action will have no budget impact for FY26, as budget is allocated under CP 206037. The Board-approved Life-of-Project budget (LOP) for the HR4000 Procurement Contract is \$239,203,000, inclusive of the technical support services contract. With this requested contract amendment, no adjustment to the Board-approved LOP is needed.

Impact to Budget

The funding source for this action is Prop A Rail Set Aside 35%, Measure R 2%, and other Local funds, which are eligible for Rail Capital and Operating Projects. Since this is a multi-year project, the Chief Operating Officer and respective Project Managers will be responsible for budgeting in future fiscal years.

EQUITY PLATFORM

The HR4000 vehicles will operate on the B Line, the current D Line, and the upcoming D (Purple) Line Extensions. Approval of the recommendations in this Board report will enhance service reliability and provide a more comfortable experience on lines serving the majority of Equity Focus Communities (EFCs) that depend on public transportation. According to the 2019 Customer Survey, the B and D heavy rail lines serve the following:

- Ridership Demographics:
 - 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%

While HATCH Associates Consultants made a 22.63% Disadvantaged Business Enterprise (DBE) commitment on this contract, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program. As such, contract goals, enforcement, and counting of participation are temporarily suspended effective October 3, 2025. Although the DBE commitment is not a factor in the staff recommendation, there are two certified small businesses participating in 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'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.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy by promoting operational activities that sustain and encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets 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

These recommendations support Metro Strategic Plan Goal No. 5) to "provide responsive, accountable, and trustworthy governance within the Metro organization". This goal strives to position Metro to deliver the best possible mobility outcomes and improve business practices so that Metro can perform more effectively and adapt more nimbly to the changing needs of our customers.

ALTERNATIVES CONSIDERED

Staff considered using in-house Metro resources to perform this work as an alternative. However, this approach is not recommended due to insufficient resources and a lack of subject matter expertise.

The Board may choose not to authorize an increase in the contract value for this project. Metro staff does not recommend this alternative, as the HR4000 HRV Procurement Program is essential to ensure an adequate fleet to meet future service needs for PLE Sections 1, 2, and 3, as well as requirements for the 2028 Olympic and Paralympic Games.

NEXT STEPS

Upon Board approval, staff will execute Contract Modification No. 21 to increase the contract's NTE amount by \$7,857,071 with HATCH and extend the period of performance through July 30, 2031. Additionally, a new task order will be issued to continue technical support services for the HR4000 Procurement Contract.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

Prepared by: David McDonald, Senior Director, Project Control, (213) 922-3221
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Matt Dake, Deputy Chief Operations Officer, 213-922-4061
Debra Avila, Deputy Chief Vendor/Contract Management Officer, 213-418-3051

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


Stephanie Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

**CONSULTANT SUPPORT SERVICES FOR THE HR4000 HEAVY RAIL VEHICLE
(HRV) PROCUREMENT PROGRAM, TECHNICAL MANAGEMENT SUPPORT
SERVICES**

CONTRACT NO. OP24162700030433487

1.	Contract Number: OP24162700030433487			
2.	Contractor: HATCH Associates Consultants, Inc.			
3.	Mod. Work Description: First Article Inspections, Resident Inspector to be stationed in China, Quality Audits, Testing and Commissioning of Rail Car Vehicles, Support during Warranty Period			
4.	Contract Work Description: Technical and engineering oversight of the Vehicle Contractor (CRRC) to ensure that performance is consistent with the delivery requirements of the HR4000 Contract.			
5.	The following data is current as of: November 19, 2025			
6.	Contract Completion Status		Financial Status	
	Contract Awarded:	6/15/2016	Contract Award Amount:	\$13,028,744
	Notice to Proceed (NTP):	9/5/2016	Total of Modifications Approved:	\$10,528,656
	Original Complete Date:	11/4/2021	Pending Modifications (including this action):	\$7,857,071
	Current Est. Complete Date:	7/30/2031	Current Contract Value (with this action):	\$31,414,471
7.	Contract Administrator: Andrew Coppolo		Telephone Number: 213-922-1067	
8.	Project Manager: David McDonald		Telephone Number: 213-922-3221	

A. Procurement Background

This Board Action is to approve Contract Modification No. 21 issued in support of the HR4000 Heavy Rail Acquisition to provide technical and engineering oversight of the Vehicle Contractor to ensure that performance is consistent with the delivery requirements of the HR4000 Contract. The Scope of Services includes, but is not limited to, oversight of testing and inspection activity, oversight of the Vehicle Contractor's supply chain process, reviewing and preparing correspondence in response to technical submissions, supporting Project Reviews, document control, and other technical support services as directed by Metro. This Contract Modification will be processed in accordance with Metro's Acquisition Policy, and the contract type is a cost plus fixed fee.

On June 15, 2016, the Board approved Contract No. OP16523-30433487 with LTK Engineering Services (LTK) for a Not-To-Exceed (NTE) amount of \$13,028,744 for Base Years and five (5) one-year Options for a NTE amount of \$8,677,278 for a total NTE contract value of \$21,706,022.

On April 21, 2022, the Board approved Modification No. 14 to increase the NTE total contract price by \$5,618,956, increasing the Contract value from \$14,228,248 to \$19,847,204.

An assignment from LTK to HATCH Associates Consultants, Inc. (HATCH) was agreed to and accepted by Metro, which required a change to the contract number to OP24162700030433487. Additionally, twenty (20) modifications, within staff delegated authority, have been issued under this Contract, for a combined total NTE of \$10,528,656, increasing the Contract value from \$13,028,744 to \$23,557,400. The modifications include changes in staff, period of performance extensions, and rights and assignments change from LTK to HATCH.

Contract Modification No. 21 increases the Contract NTE for the Base Years for continuation of technical services until it has been determined that Options for HR4000 will be exercised.

(Refer to Attachment B – Contract Modification/Change Order Log)

B. Cost/Price Analysis

A Request for Proposal was issued to HATCH on October 22, 2025. Metro received a proposal on October 23, 2025. Staff completed negotiations on November 19, 2025. The recommended price has been determined to be fair and reasonable based upon an Independent Cost Estimate (ICE), negotiations, and a technical evaluation. The negotiation of the NTE amount comprised validation of HATCH and its subcontractor's current labor rates, audited labor overhead, travel and other direct costs, and a negotiated fixed fee for this is cost-plus-fixed-fee contract type. The approved labor rate for each consultant is based on actual cost with payroll documentation, which has resulted in a fair and reasonable determination.

The factors affecting the NTE amount were anticipated level of effort, travel and other direct costs, which have been reviewed and negotiated by the Contracting Officer to align with the HR4000 new HRV procurement schedule. The negotiated amount is a 4.95% reduction from the initial proposed amount; however, it is still 4.28% higher than the ICE. The primary contributing factor to this variance is that the ICE did not account for the actual overhead rates for each firm.

Proposal Amount	Metro ICE	Negotiated Amount
\$8,266,508	\$7,534,483	\$7,857,071

C. Contractor Information

HATCH Associates Consultants, Inc., is a leader in providing consultant support services to the infrastructure, energy and mining and metals sectors. HATCH's engineering expertise includes areas such as rail vehicle engineering, rail systems engineering, revenue systems and technology, zero-emissions transportation, operations planning and simulations, systems assurance, intercity and high-speed rail, rail corridor development and transit advisory services.

In addition to providing technical and program support for the HR4000 New HRV Procurement, HATCH currently provides program management consulting services for Metro's A650 HRV and P2550 LRV Overhaul Programs, P3010 New LRV procurement, and the HR5000 New HRV procurement and their performance is satisfactory.

CONTRACT MODIFICATION/CHANGE ORDER LOG

**CONSULTANT SUPPORT SERVICES FOR THE HR4000 HEAVY RAIL VEHICLE
(HRV) PROCUREMENT PROGRAM, TECHNICAL MANAGEMENT SUPPORT
SERVICES**

CONTRACT NO. OP24162700030433487

Mod. No.	Description	Status (Approved or Pending)	Date	\$ Amount
1	Add/Replace Personnel	Approved	08-24-16	\$0
2	Addition of Sharefile Fees/Reduction in International Travel	Approved	01-13-17	\$0
3	Add/Replace Personnel, add resident engineers in Changchun	Approved	01-29-18	\$0
4	Add/Replace Personnel	Approved	07-01-18	\$0
5	Add/Replace Personnel	Approved	01-28-19	\$0
6	Add/Replace Personnel	Approved	02-28-19	\$0
7	Add/Replace Personnel	Approved	08-01-19	\$0
8	Add/Replace Personnel	Approved	11-07-19	\$0
9	Add/Replace Personnel	Approved	06-04-20	\$0
10	Add/Replace Personnel	Approved	03-03-21	\$0
11	Extend POP 10/01/21 to 12/31/21	Approved	10-29-21	\$0
12	Extend POP to 3/31/22, Additional Resources, Replace Attachment A – Advanced Cost Agreement	Approved	12-31-21	\$1,199,504
13	Extend POP to 04/30/22	Approved	03-10-22	\$0
14	Extend POP for 24 months to 04/30/24, NTE Increase	Approved	05-01-22	\$5,618,956
15	Add/Replace Personnel	Approved	12-29-22	\$0
16	Change all rights and assignments from LTK to Hatch	Approved	06-30-23	\$0
17	Add/Replace Personnel	Approved	09-08-23	\$0
18	Extend POP 04/30/24 to 04/30/26	Approved	06-07-24	\$0
19	NTE Increase & Change Contract No. to OP24162700030433487 (LTK to Hatch)	Approved	07-17-24	\$3,710,196
20	Add/Replace Personnel	Approved	03-10-25	\$0
21	Modification No. 21 to extend POP for 274 weeks to 07/30/2031	Pending	TBD	\$7,857,071
	Modification Total:			\$18,385,727
	Original Contract:			\$13,028,744
	Total:			\$31,414,471

DEOD SUMMARY**CONSULTANT SUPPORT SERVICES FOR THE HR4000 HEAVY RAIL VEHICLE
(HRV) PROCUREMENT PROGRAM, TECHNICAL MANAGEMENT SUPPORT
SERVICES / OP24162700030433487****A. Small Business Participation**

Hatch Associates Consultants, Inc. (Hatch) made a 22.62% Disadvantaged Business Enterprise (DBE) commitment on this contract. However, the U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) that makes changes to the DBE Program, including suspension of goals and enforcement, effective October 3, 2025. Metro is currently reviewing the Interim Final Rule (IFR) to identify necessary program and procedural changes to ensure full compliance. As such, while the DBE commitment is not a factor in the staff recommendation, there are two certified small businesses participating in this contract.

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 modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

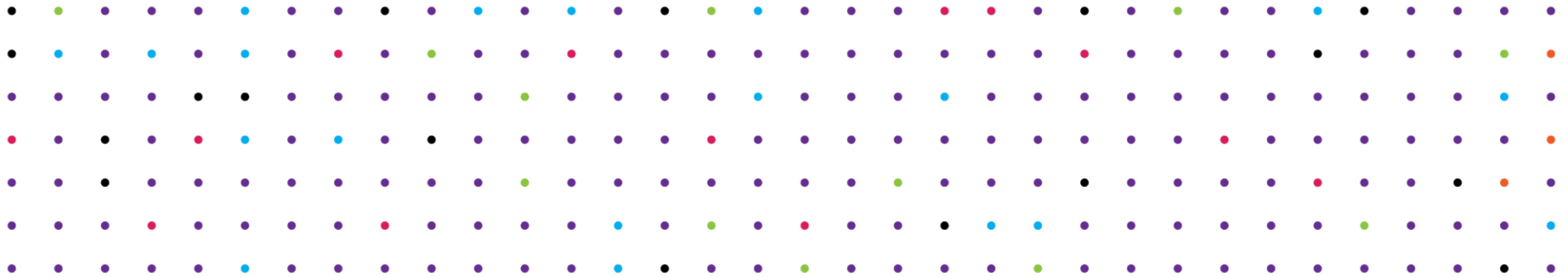
Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

E. 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.

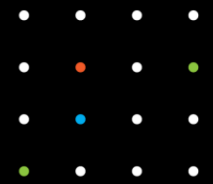
HR4000 HEAVY RAIL VEHICLE (HRV) SUPPORT SERVICES

JANUARY 15, 2026



Operations, Safety, & Customer Experience Committee Meeting

RECOMMENDATION

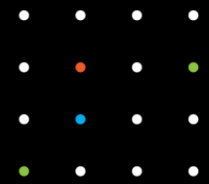


AUTHORIZE the Chief Executive Officer to:

Execute Contract Modification No. 21 to Contract No. OP24162700030433487, a cost plus fixed-fee contract with HATCH Associates Consultants, Inc. (HATCH), formerly LTK Engineering Services for the HR4000 Heavy Rail Vehicle (HRV) Acquisition, Technical Support Services, increasing the Not-To-Exceed (NTE) amount by \$7,857,071 from \$23,557,400 to \$31,414,471 and extending the period of performance from May 1, 2026 to July 30, 2031.

Execute individual contract modifications within the Board-approved contract modification authority.

ISSUE & DISCUSSION



AWARDEE

HATCH Associates Consultants, Inc.

PROPOSAL

Cost plus fixed-fee contract extending the period of performance from May 1, 2026 to July 30, 2031.

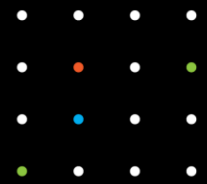
Existing Contract amount	5 year extension increase	New Not to Exceed (NTE) amount
\$23,557,400	\$7,857,071	\$31,414,471

DEOD COMMITMENT

HATCH Associates Consultants made a 22.63% Disadvantaged Business Enterprise (DBE) commitment on this contract. There are 2 certified small businesses participating in this contract.



ISSUE & DISCUSSION



ISSUE

Due to unforeseen circumstances, including the global COVID-19 pandemic with resulting supply chain and logistics disruption, Final acceptance of all 64 rail vehicles has been rescheduled to mid-2027, the warranty period now continuing through July 2031.

DISCUSSION

Approval will ensure Continued continuity of Technical Support Services to address remaining technical issues and delays, ensuring final delivery and acceptance of the 64 base HR4000 HRVs and completion of the warranty period, and closing out the project forecasted for July 2031.