



Board Report

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Agenda Number: 14.

CONSTRUCTION COMMITTEE APRIL 15, 2026

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 December 1, 2025, to February 28, 2026.

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 December 1, 2025, to February 28, 2026. 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),
- Safety, and
- Recommendations (lessons learned are identified starting with this report).

Metro's Program Control department has provided informal responses to this report before its issuance, and they are asked to provide written responses to the recommendations in this OIG Spot Checks Report within 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 -The Purple Line Extension Section 2 Transit Station Project

This OIG Spot Check report pertains to the Purple Line Extension Section 2 Project (Contract C1120 MOD 00271.1), Additional Work- Improvements to Metro's Cellular Infrastructure.

Change Order Detail

See Attachment A, Spot Check #1 table.

Summary #1

Scope of Work - This change order, MOD 00271.1, in the amount of \$486,020, is for additional scope of work under the Purple Line Extension Section 2 (PLE2) Transit Station Project (C1120) to support the design, procurement, and installation of enhanced cellular infrastructure within the tunnel segments and associated station areas. This work includes integration with the distributed antenna systems (DAS), conduit routing, cabling, and supporting infrastructure to establish reliable cellular connectivity throughout the underground PLE2 corridor.

The scope defined in this modification was not included in the original C1120 Contract award, as these system requirements were identified subsequent to contract execution. This effort aligns with a Metro CEO directive mandating the activation of full cellular service coverage at all Metro stations and transit corridors prior to revenue service operations on opening day.

Budget - This change order for MOD 00271.1 had an agreed-upon amount of \$486,020 for scopes of work that weren't captured in the original contract. The initial Contractor's Cost and Schedule Proposal (CSP) was \$486,020, and the Independent Cost Estimate (ICE) was \$524,153. The ICE was \$38,133 (7.85%) over the CSP, and the negotiated amount is \$38,133 (7.28%) less than the ICE. The project staff stated that funds for this change order are within the Life-of-Project budget.

Schedule - The CEO Delegation of Authority process was utilized for this change order. The modification was awarded on January 29, 2026, and the staff completed all signature approvals within one workday. Under the prior Board approval method for change orders, assuming presentation at a March Board meeting date, it would have taken a total of thirty-four workdays to complete the transaction.

Safety - The Purple Line Extension Section 2 (PLE2) Project has 6,138,874 Project hours through

December 2025, with a Total Recordable Injury Rate (TRIR) of 2.15 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .39 (the Bureau of Labor Statistics National Average is 1.5).

Recommendations/Lessons Learned - No recommendations by the OIG.

Spot Check #2 - The Purple Line Extension Section 1 Transit Station Project

This OIG Spot Check report pertains to the Purple Line Extension Section 1 Transit Station Project (Contract C1045 MOD 00276), Procurement, Fabrication, and Delivery - Entry Portal Signage.

Change Order Detail

See Attachment A Spot Check #2 table.

Summary #2

Scope of Work - This change order in the amount of \$1,155,659 is for MOD 00276. This modification is related to the Purple Line Extension 1 (PLE1) Transit Station Project (C1045). This change order is for the fabrication and delivery of permanent entry portal signage for several Metro system stations along the PLE1 extension corridor. The signage is essential to enhancing station visibility and passenger navigation.

The scope of work encompasses all materials, manufacturing processes, quality assurance measures, and logistical coordination necessary to produce and transport the completed signage components to their respective station locations in accordance with the project's design specifications and schedule requirements.

Budget - This change order for MOD 00248 was agreed to in the amount of \$1,155,659. The Contractor's Cost and Schedule Proposal (CSP) was \$1,155,659, and the Independent Cost Estimate (ICE) was \$1,659,073. The ICE was \$500,414 (30.34%) over the CSP, and above the agreed-upon amount. The project staff stated that the Contractor's proposal was reasonable and that funds for this change order are within the Life-of-Project budget.

Schedule - The CEO Delegation of Authority process was utilized for this change order. The modification was awarded on February 10, 2026, and the staff completed all signature approvals within ten workdays. Under the prior Board approval method for change orders, assuming presentation at an April Board meeting date, it would have taken a total of forty-seven workdays to complete the transaction.

Safety - The Purple Line Extension Section 1 Transit Project for the C1045 contract has 11,211,308 Project hours through December 2025, with a Total Recordable Injury Rate of .80 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .08 (the Bureau of Labor Statistics National Average is 1.5).

Recommendation - No recommendation by the OIG.

Spot Check #3 - The LAX Airport Connector Transit Station/96th Street

This OIG Spot Check report pertains to the LAX Airport Connector Transit Station/96th Street Station (Contract 1197 MOD 00079), Excusable Delays - Extension of Substantial Completion Project Milestones.

Change Order Detail

See Attachment A, Spot Check #3 table.

Summary #3

Scope of Work - This change order in the amount of \$5,000,000 is for MOD 00079. This modification pertains to the LAX Airport Connector Transit Station/96th Street Project (C1197). This modification compensates the Contractor for the 125-day extension of the substantial completion and project milestones resulting from Metro sequenced station modifications and design changes.

Background & Basis for Cost

Throughout the project, numerous changes were introduced through Requests for Information (RFIs) and approximately one hundred Design Bulletins by Metro. Under the Design-Bid-Build, lowest-responsive-bidder delivery model, these changes created inherent exposure to additional costs. The Contractor proceeded in good faith, implementing change-related work continuously rather than establishing hold points to negotiate each change individually before proceeding - an approach that preserved the project schedule and efficiency.

Cost Justification

The cost captured in this modification reflects a fair and reasonable evaluation of all outstanding changes. Stopping work to formally negotiate pricing for each individual change directive would have introduced significant overhead and delay costs that would likely have exceeded any savings achieved through the standard change order execution process.

There was no formal Notice of Intent to Claim (NOIC) or formal claim submitted for this modification. It was structured as a comprehensive merit-based adjustment rather than a settlement, consistent with guidance from Vendor Contract Management.

Budget - This change order for MOD 00079 was agreed upon in the amount of \$5,000,000 for excusable delays caused by Metro project management, providing a 125-day extension of the substation completion schedule at \$40,000 per day. This modification has been reviewed and approved on its merits by Vendor Contract Management and County Counsel.

Schedule - The CEO Delegation of Authority process was utilized for this change order. The modification was awarded on February 06, 2026, and the staff completed all signature approvals within nineteen workdays. Under the prior Board approval method for change orders, assuming presentation at the March Board meeting date, it would have taken a total of thirty-eight workdays to complete the transaction.

Safety - LAX Airport Connector Transit Station/96th Street Project for the C1045 contract has 11,211,308 Project hours through December 2025, with a Total Recordable Injury Rate of .80 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .08 (the Bureau of Labor Statistics National Average is 1.5).

Lessons Learned - Excusable delays caused by design changes during construction are an inherent reality of large-scale infrastructure projects. In this case, many such changes were intentionally initiated by various Metro departments to improve long-term quality and functionality - including upgrading to direct fixation track (rails are fastened directly to the concrete base slab using specialized rail fasteners and eliminating ballast), adding bus chargers, enhancing signage, and designing flexible-use spaces. Rather than indicating management failure, these changes show a commitment to delivering a better final product.

The Airport Metro Connector/96th Street Station project exemplifies effective project management on a complex Design-Bid-Build contract. Throughout construction, the team maintained disciplined oversight through a formal change management process, regular coordination meetings with the contractor, thorough risk assessments with contingency planning, and experienced, properly resourced staffing.

Most notably, the project was completed well within the original Life of Projects budget - a clear sign of strong cost control, disciplined change management, and effective stakeholder coordination. Despite numerous design changes, the contractor's decision to proceed with change-related work rather than establishing hold points for individual pricing negotiations helped preserve schedule momentum and prevented larger delay costs. It also demonstrates effective partnering skills and mutual trust. The comprehensive evaluation at substantial completion reflected a practical, merit-based resolution strategy - not a sign of management failure. This outcome shows that, even amid the natural complexities of a major transit project, careful planning and proactive leadership can deliver outstanding results.

Recommendation - Incorporate the lessons learned from this section into sections PLE2 and PLE3 and other capital projects if appropriate.

Spot Check #4 - The Metro G Line Bus Rapid Transit Project

This OIG Spot Check report pertains to the Metro G Line Bus Rapid Transit (BRT) Improvement Project (Contract PS85661000 MOD 00015). Additional Work - Metro B Line Fiber Optic Procurement and Construction Improvements.

Change Order Detail

See Attachment A Spot Check #4 table.

Summary #4

Scope of Work - This OIG Spot Check report pertains to the Metro G Line Bus Rapid Transit (BRT)

Improvement Project under Contract PS85661000. The change order in the amount of \$22,706,280 for MOD 00015 is for communication improvements along the Metro B Line corridor. The scope of work encompasses the procurement and installation of a new fiber-optic backbone extending approximately 35 miles to enhance communication infrastructure and system reliability across the corridor.

This scope of work encompasses two primary elements:

- 1) Furnish and deliver 288-strand single-mode metal-clad aluminum interlocking armor fiber optic cable and cable clamps for installation in the B Line tunnel between North Hollywood Station and Union Station, including the Union Station Gateway building.
- 2) Provide all labor, material, equipment, and services for fiber optic cable construction per B Line Fiber design under EWP 4, per Attachment G Part D. This includes installation and testing of a redundant 288-strand fiber optic cable (one cable strand per tunnel bore) for a total of approximately 35 miles of cable.

Budget - This change order MOD 00015 was negotiated in the amount of \$22,706,280. The Contractor's Cost and Schedule Proposal (CSP) was \$25,567,524, and the Independent Cost Estimate (ICE) was \$28,201,358. The CSP is \$2,861,244 (12.60%) over the negotiated amount, and the ICE was \$5,495,078 (24.20%) over the negotiated amount. The staff stated that funds for this change order are within the Life-of-Project budget.

Schedule - The CEO Delegation of Authority process was utilized for this change order. The modification was awarded on December 22, 2025, and the staff completed all signature approvals within sixty-three workdays. Under the prior Board approval method for change orders, assuming presentation at the March Board meeting date, it would have taken a total of eighty-nine workdays to complete the transaction.

Safety - The Metro G Line Bus Rapid Transit (BRT) Improvement Project has 265,906 Project hours through January 2026, with a Total Recordable Injury Rate (TRIR) of 1.88 (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).

Lessons Learned - The project team demonstrated effective construction management practices by implementing preventative measures upon early identification of schedule risks associated with this change order. These actions reflect industry best practices in proactive risk management and resource planning.

Preventative Measures Implemented by the Project Team:

1. Advanced Procurement Strategy Upon recognition of a potential material procurement risk, the project team executed an accelerated procurement action ahead of the planned schedule baseline. This measure effectively neutralized material availability as a schedule driver, ensuring that all required materials were on hand and staged prior to mobilization. This action is consistent with sound construction management practice of eliminating controllable risks before they manifest as

schedule impacts.

2. Critical Path Schedule Management - We learned that the project team is maintaining active oversight of the project schedule, continuously evaluating progress against established milestone dates. Schedule performance is being monitored at the activity level to enable early detection of variance and provide sufficient lead time for corrective action.

3. Risk Management - In addition to mitigation efforts, the project team has formally documented and maintained all identified risks within the Project Risk Register in accordance with the project's risk management plan. Each risk was evaluated and categorized by the probability and impact.

Recommendation

It is recommended that the procurement of track allocation windows and Maintenance of Way (MOW) support be classified as the highest-probability schedule risk at the initiation of any change order involving track access requirements. Given that MOW access is an externally controlled variable and a critical path dependency, it is imperative that relevant operations and maintenance stakeholders be engaged at the earliest practicable stage of the change order process to initiate the necessary coordination efforts and to secure the required work windows within the established project milestone constraints.

FINANCIAL IMPACT

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

Impact to the Budget

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

- Spot Check #1) \$486,020 Purple Line Extension Section 2 Project
- Spot Check #2) \$1,155,659 Purple Line Extension Section 1 Transit Project
- Spot Check #3) \$5,000,000 LAX Airport Connector Transit Station/96th Street Project
- Spot Check #4) \$22,706,280 Metro G Line Bus Rapid Transit 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

While this report does not directly encourage taking transit, sharing a ride, or using active 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, this item is consistent with the goals of reducing VMT.

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 Management and Program Controls. Program Management and Program Controls agree 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

Prepared by: Stuart Bermudez, Construction Specialist Investigator, (213) 244-7324
Reviewed by: Karen Gorman, Inspector General, (213) 244-7337



Karen Gorman
Inspector General

Spot Check #1 – The Purple Line Extension Section 2 Transit Station Project Contract C1120

Change Order Detail

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| <u>Description of Modification or Change Order – MOD 00270.1</u> Additional Work- Improvements to Metro’s Cellular Infrastructure. | |
| <u>Change Order Dates:</u> | |
| Scope of Work approved | January 28, 2026 |
| Awarded to the Contractor | January 29, 2026 |
| <u>Elapsed Time for Executing Change Order:</u> | |
| Using new delegated process and signature approvals | 1 workday |
| Estimate using former Board approval process Agenda for the March Board Meeting | 34 workdays |
| <u>Cost of Change Order:</u> | |
| Metro independent cost estimate (ICE) | \$524,153 |
| Contractor Stated Proposal (CSP) | \$486,020 |
| Negotiated amount | \$486,020 |
| Percentage of negotiated amount <i>under</i> ICE | -7.28% |
| Amount over than the Contractor’s Proposal (CSP) | \$0 |

Spot Check #2 – The Purple Line Extension Section 1 Transit Station Project - Contract C1045

Change Order Detail

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| <u>Description of Modification or Change Order – MOD 00276</u> Procurement, Fabrication, and Delivery – Entry Portal Signage. | |
| <u>Change Order Dates:</u> | |
| Scope of Work approved | February 05, 2026 |
| Awarded to the Contractor | February 10, 2026 |
| <u>Elapsed Time for Executing Change Order:</u> | |
| Using new delegated process and signature approvals | 10 workdays |
| Estimate using former Board approval process Agenda for the April Board Meeting | 47 workdays |
| <u>Cost of Change Order:</u> | |
| Metro Independent Cost Estimate (ICE) | \$1,656,073 |
| Contractor Stated Proposal (CSP) | \$1,155,659 |
| Negotiated amount | \$1,155,659 |
| Percentage of negotiated amount <i>under</i> (ICE) | -30.22% |
| Amount less than the Contractor’s Proposal (CSP) | \$500,414 |

Spot Check #3 – The LAX Airport Connector Transit Station/96th Street Contract C1197

Unilateral Change Order Detail

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| <u>Description of Modification or Change Order – MOD 00079</u> Excusable Delays - Extension of Substantial Completion Project Milestones. | |
| <u>Change Order Dates:</u> | |
| Scope of Work approved | January 22, 2026 |
| Awarded to the Contractor | February 06, 2026 |
| <u>Elapsed Time for Executing Change Order:</u> | |
| Using new delegated process and signature approvals | 19 workdays |
| Estimate using former Board approval process Agenda for the March Board Meeting | 38 workdays |
| <u>Cost of Change Order:</u> | |
| Metro Independent Cost Estimate (ICE) | \$5,000,000 |
| Contractor Stated Proposal (CSP) | \$ |
| Negotiated Amount | \$5,000,000 |
| Percentage of negotiated amount <i>over/under</i> (ICE) | % |
| Amount less than the Contractor's Proposal (CSP) | \$ |

Spot Check #4 – The Metro G Line Bus Rapid Transit Project - Contract PS85661000

Change Order Detail

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| <u>Description of Modification or Change Order – MOD 00015</u> Additional Work – Metro B line Fiber Procurement and Construction Improvements. | |
| <u>Change Order Dates:</u> | |
| Scope of Work approved | September 30, 2025 |
| Awarded to the Contractor | December 22, 2025 |
| <u>Elapsed Time for Executing Change Order:</u> | |
| Using new delegated process and signature approvals | 36 workdays |
| Estimate using former Board approval process Agenda for the March Board Meeting | 89 workdays |
| <u>Cost of Change Order:</u> | |
| Metro Independent Cost Estimate (ICE) | \$28,201,358 |
| Contractor Stated Proposal (CSP) | \$25,567,524 |
| Agreed Amount | \$22,706,280 |
| Percentage of negotiated amount <i>under</i> (ICE) | -24.20% |
| Amount less than the Contractor's Proposal (CSP) | \$2,861,244 |

| ATTACHMENT B (APRIL 2026) | | | |
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| OIG REPORT, SPOT CHECK, # MOD # | RECOMMENDATIONS | MANAGEMENT'S RESPONSES | COMPLETION DATE |
| <p><u>Spot Check #3 – The LAX Airport Connector Transit Station/96th Street</u></p> <p>This OIG Spot Check report pertains to the LAX Airport Connector Transit Station/96th Street Station (Contract 1197 MOD 00079), Excusable Delays - Extension of Substantial Completion and Project Milestones.</p> | <p>Despite numerous design changes, the contractor's decision to proceed with change-related work rather than establish hold points for individual pricing negotiations helped preserve schedule momentum and prevent additional delay costs.</p> | <p>Project Management agreed with the recommendation. Lessons Learned are shared throughout the projects.</p> | <p>March 2026</p> |
| <p><u>Spot Check #4 – The Metro G Line Bus Rapid Transit Project</u></p> <p>This OIG Spot Check report pertains to the Metro G Line Bus Rapid Transit (BRT) Improvement Project (Contract PS85661000 MOD 00015). Additional Work – Metro B line Fiber Procurement and Construction Improvements.</p> | <p>It is recommended that the procurement of track allocation windows and Maintenance of Way (MOW) support be classified as the highest-probability schedule risk at the initiation of any change order involving track access requirements. Given that MOW access is an externally controlled variable and a critical path dependency, it is imperative that relevant operations and maintenance stakeholders be engaged at the earliest practicable stage of the change order process to initiate the necessary coordination efforts and to secure the required work windows within the established project milestone constraints.</p> | <p>Project Management agreed with the recommendation. Lessons Learned are shared throughout the projects</p> | <p>March 2026</p> |
| ATTACHMENT B (APRIL 2025) | | | |
| OIG REPORT, SPOT CHECK, # MOD # | RECOMMENDATIONS | MANAGEMENT'S RESPONSES | COMPLETION DATE |
| <p>#1 The Rail to Rail Active Transport Corridor Project.</p> <p>This OIG Spot Check report concerns the Rail to Rail Active Transport Corridor Project (Contract C1166, MOD 00113) Bollard Procurement.</p> | <p>The OIG requested an explanation to 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.</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</p> | <p>April 2025</p> |

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

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| | <p>This approach enhances accessibility and ensures that public spaces are safer and more navigable for all, including pedestrians and cyclists.</p> | <p>Project, such as storage, touch-up painting, handling/transportation, and anti-graffiti coating.</p> | |
| <p>#2 The Purple Line Extension Section 2 Transit Project. 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> | <p><u>Question to the Purple Line Extension 2 Program Management.</u> 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. No Recommendations for this spot check on the basis of Managements 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> | <p>Project is 74.99%, Projected Revenue Service Date (RSD) August 2026.</p> |
| <p>#3 The Purple Line Extension Section 1 Transit Project. 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> | <p>OIG Recommendations/Lessons Learned – 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>This recommendation is pending a response from Management.</p> | <p>Project is 87.02%, Projected Revenue Service Date (RSD) September 2025.</p> |
| <p>#4 The I-5 North Country Enhancement Project. This OIG Spot Check report concerns the I-5 North County Enhancement Project (Contract C70396C1205, MOD 00050) Differing Site Conditions.</p> | <p>OIG Recommendations/Lessons Learned – The project management software “Headlight,” which is being used on this project to review the daily reports for the period of the modification, revealed a possible lack of sufficient oversight with documentation and technical input from the Project team and Resident Engineer. There was no record of the modification on Metro’s Project Management Information System (PMIS) from the Project team for 19 months. This change order might have been identified a year ago if the project had been more proactive with its modification input on PMIS. This delay of documentation can have an effect budget management and reserve funds status.</p> <p>Recommendation 1: 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. Metro’s project control procedures require that all modifications be</p> | <p>The recommendations remain pending a response. Since February 10, 2025, the OIG has made multiple attempts to contact the Department Chief Program Manager and the Project Manager.</p> | <p>Projected Mid-year 2026</p> |

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

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| | <p>fully documented and supported by technical justification and require the active involvement of the Project team and the Resident Engineer in assessing and recording site conditions and proposed changes.</p> <p>Recommendation 2: 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 the "Headlight," indicating a possible communication disparity between the use of both programs.</p> <p>Recommendation 3: 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 |
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Attachment B - OIG Spot Check Tracking Log: Fiscal Year Recommendations and Responses Pending Resolution

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| <p>#1 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00045) LRT Excessive Deflection.</p> | <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"> 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. 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. | <p>Projected revenue service date (RSD) June 2025</p> |
| <p>#2 WS Purple Line Ext. 2 Project. This OIG Spot Check report concerns the WS Purple Line Extension 2 (Contract C1120, MOD 00227) Storm Drain /Unforeseen Conditions.</p> | <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 the modification.</p> | <p>Projected revenue service date (RSD) August 2026</p> |
| <p>#4 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector 96th 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>Projected Revenue Service Date (RSD) June 2025</p> |

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

| ATTACHMENT B (JANUARY 2024) | | | |
|------------------------------------|-----------------|------------------------|-----------------|
| OIG REPORT, SPOT CHECK, # MOD # | RECOMMENDATIONS | MANAGEMENT'S RESPONSES | COMPLETION DATE |

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

| | | | |
|---|--|---|--|
| <p>#1 Division 20 Portal Widening Turnback Project. This OIG Spot Check report concerns the Division 20 Portal Widening Turnback Project (Contract C1136, MOD 0109) Lighting Various Civil and Electrical Changes.</p> | <p>The OIG recommends continuing forward with cost recovery from the Designer of Record.</p> | <p>Management concurs with the OIG recommendation and intends to pursue cost recovery for errors and omissions (E&O) from the Design Firm of Record.</p> | |
| <p>#2 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00027) Low Voltage Cabling.</p> | <p>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.</p> | <p>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.</p> | <p>Projected Revenue Service Date (RSD) April 2025</p> |
| <p>#3 The Purple Line Extension Section 1 Transit Project. This OIG Spot Check report concerns the Purple Line Extension Section 1 Transit Project (Contract C1045, CO 0045) SCE and LAWDP Change to Electrical Rooms and Equipment, Construction and Design with minor changes.</p> | <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>#3 (Top Half): 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>#3 (Bottom Half): The Project Manager and DEOD clarified the Contract requirements for achieving the DBE goal for Changed Work in the above attached letter.</p> | <p>Projected Revenue Service Date (RSD) September 2025</p> |

File# 2026-0201

Office of the Inspector General

Construction Change Order Spot Check Report

Presented By:

Karen Gorman

Inspector General

April 15, 2026 | Construction Committee
Los Angeles County Metropolitan Transportation Authority



Spot Checks 1 & 2

File# 2026-0201



1 – The Purple Line Extension 2 Transit Station Project

Additional Work – Improvements to Metro’s Cellular Infrastructure

This change order includes the design, procurement, and installation within the tunnel segments and stations. The scope of work also includes integration with the distributed antenna system (DAS)



No Recommendations by the OIG

Award

\$486,020



2 – The Purple Line Extension 1 Transit Station Project

Additional Work – Entry Portal Signage

This change order includes the procurement, fabrication, and delivery of permanent entry portal signage along the PLE1 corridor



No Recommendations by the OIG

Award

\$1,155,659

Spot Checks 3 & 4

File# 2026-0201



3 – The LAX Metro Connector Transit Station/96th Street Project

Excusable Delays – Compensates the Contractor for Extension of Substation Completion

This change order compensates the contractor for the extension of substantial completion project milestones related to excusable delays caused by Metro



Recommendation: Incorporate the partnering and mutual trust lessons learned from this change order summary into other capital construction projects

Award

\$5,000,000



4 – The Metro G Line Bus Rapid Transit Project

Additional Work – Metro B Line Fiber Optic Procurement and Construction Improvements

This change order includes the design, procurement, and installation within the tunnel segments and stations. The scope of work also includes integration with the distributed antenna system (DAS)



Recommendation: External controlled variables, such as the Procurement of track allocation windows and maintenance of way (MOW) support, should be classified as the highest-probability schedule risk due to critical path dependency

Award

\$22,706,280

Spot Check Schedule Comparison

File# 2026-0201

| Project | Title of Change Order | Time Saved Executed Date to Board Mtg. | New Delegated Process Final SOW to Executed Date | Formal Approval Process |
|---|--|--|--|-------------------------|
| The Purple Line Extension Section 2 Transit Project | Additional Work – Improvements to Metro’s Cellular Infrastructure | 33 | 1 | 34 |
| The Purple Line Extension Section 1 Transit Project | Procurement, Fabrication, and Delivery of Entry Portal Signage | 37 | 10 | 47 |
| The LAX/Metro Transit Center Station Project | Excusable Delays – Extension of Substantial Completion | 19 | 19 | 38 |
| The Metro G Line Bus Rapid Transit Project | Additional Work – Metro B Line Fiber Optic Procurement and Construction Improvements | 26 | 63 | 89 |