

**Board Report**

File #: 2026-0417, **File Type:** Informational Report**Agenda Number:** 21.

**CONSTRUCTION COMMITTEE
JULY 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 March 1, 2026, to May 31, 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 March 1, 2026, to June 30, 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 1 Transit Station Project

This OIG Spot Check report pertains to the Purple Line Extension Section 1 Project (Contract C1045 MOD 00282), Additional Work, Wayside Operational Signage Package

Change Order Detail

See Attachment A Spot Check #1 table.

Summary #1

Scope of Work - This change order, MOD 00282, in the amount of \$1,727,681, is for additional scope of work on the Purple Line Extension Section 1 (PLE1) Project to support the procurement and installation of the Wayside and Operational Signage Package identified under ECI-069. The Contractor prepared and submitted all follow-up shop drawings required to fully complete the scope of work in accordance with the contract directive. Shop drawings were reviewed and approved prior to the commencement of any fabrication or installation activities. All work was performed in conformance with applicable contract documents, specifications, and governing standards for signage systems. Throughout the fabrication and installation process, the contractor maintained active coordination with Metro, ensuring timely completion and full compliance with project milestones and quality requirements.

The following scope items are included in this modification:

- Exhibit 1 - New station corner signs from the Regional Connector.
- Exhibit 2 - Revised tunnel directional signs from Regional Connector (per RFI-MTA-799 Response).
- Exhibit 3 - Summary of permanent signage types included in this change.
- Clarifications to interlocking and cross-passage signs (per RFI-MTA-813 Response):
- Temporary signage: Contractor to fabricate and install temporary signage as necessary in Reaches 2-4 to support live-car testing and maintain the project schedule.

Budget - This change order for MOD 00282 had an agreed-upon amount of \$1,727,681. The initial Contractor's Cost and Schedule Proposal (CSP) was \$2,277,317, and the Independent Cost Estimate (ICE) was \$1,736,459. The ICE is \$540,858 (23.75%) under the CSP, and the negotiated amount is \$8,778 (.51%) 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 April 09, 2026 and the staff completed all signature approvals within two workdays. Under the prior Board approval method for change orders, assuming presentation at a July Board meeting date, it would have taken a total of sixty-eight workdays to complete the transaction.

Safety - The Purple Line Extension Section 1 C1045 has 11,211,308 Project hours through December 2025, with a Total Recordable Injury Rate (TRIR) 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).

Recommendations/Lessons Learned - No recommendations by the OIG.

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

This OIG Spot Check report pertains to the Purple Line Extension Section 2 Transit Station Project. (Contract 1120 MOD 00284) - Additional Work, Tunnel and Station Walkway Gap Signage

Change Order Detail

See Attachment A Spot Check #2 table.

Summary #2

This change order, MOD 00284, in the amount of \$731,073, is for additional scope of work on the Purple Line Extension Section 2 (PLE2) Project to design, furnish, and install mitigation measures to notify passengers of the gap between the stationary train floor and the emergency tunnel walkway. The scope includes all management, coordination, professional services, labor, equipment, materials, and other services necessary to: (1) perform engineering analysis of horizontal gap distances across the full tunnel alignment to identify locations where the gap exceeds 10-inch and 12-inch thresholds; (2) produce design drawings, vehicle clearance analysis reports, and revised contract specifications for signage and mounting structures; (3) fabricate and install "Watch the Gap" warning signage panels at both bored tunnel segments simultaneously; (4) apply 4-inch reflective edge striping along the vertical face of the tunnel walkway edge, continuously along all walkways regardless of gap width; and (5) provide all associated survey, construction support, Design Services During Construction (DSDC), safety, and quality control services.

The scope defined in this modification was not included in the original C1120 Contract award. The work stems from a safety determination that physical notification measures are required to alert passengers to the gap condition between the train car floor and the tunnel emergency walkway at specific locations along the alignment. This effort is consistent with Metro fire/life-safety criteria and passenger-protection requirements for underground transit facilities.

Budget - This change order for MOD 00284 was negotiated to \$731,073. The Contractor's Cost and Schedule Proposal (CSP) was \$1,450,434, and the Independent Cost Estimate (ICE) was \$826,473. The ICE is \$623,961 (43.0%) under the CSP, and the agreed-upon amount is \$95,400 (11.54%) under the ICE.

The variance between the CSP and ICE is attributed to the contractor's equipment costs, which reflect the actual tunnel access logistics, including hi-rail truck coordination, crane picks at the tunnel access shaft, and simultaneous dual-tunnel execution, which the ICE modeled at lower utilization. The project staff has 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 April 28, 2026, and the staff completed all signature approvals within eight workdays. Under the prior Board approval method for change orders, assuming presentation at a July Board meeting date, it would have taken a total of fifty-eight workdays to complete the transaction.

Safety - The Purple Line Extension 2 Transit Project for the C1120 contract has 6,138,874 Project hours through December 2025, with a Total Recordable Injury Rate 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).

Recommendation/Lessons Learned - Earlier identification of construction task sequencing and its alignment with the project definition drawings could have resulted in cost savings.

Spot Check #3 -The Purple Line Extension Section 1 Transit Station Project

This OIG Spot Check report pertains to the Purple Line Extension Section 1 Project (Contract C1045 MOD 00290), Additional Work, Personnel Manning of the Emergency Management Panel at the Wilshire/La Brea Station

Change Order Detail

See Attachment A Spot Check #3 table.

Summary #3

Scope of Work - This change order, MOD 00290, in the amount of \$913,405, is for additional scope of work under the Purple Line Extension Section 1 (PLE1) Contractor to provide a physical presence to staff the Emergency Management Panel (EMP) at Wilshire/La Brea Station as a safety redundancy to Metro Rail Operations Control (ROC) in the event of an emergency at Western Station during the final stages of construction at PLE1.

Coverage of the EMP was structured in two phases: (1) two persons per shift, 24 hours per day, from November 3, 2025, through February 22, 2026; followed by (2) single 12-hour-per-day shifts on weekdays, with weekends remaining at 24-hour-per-day coverage, through March 13, 2026.

Budget - This change order for MOD 00290 had an agreed-upon amount of \$913,405. The initial Contractor's Cost and Schedule Proposal (CSP) was \$1,563,102, and the Independent Cost Estimate (ICE) was \$839,962. The ICE is \$723,140 (46.26%) under the CSP, and the negotiated amount is \$73,443 (8.74%) over 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 May 21, 2026, and the staff completed all signature approvals within four workdays. Under the prior Board approval method for change orders, assuming presentation at a July Board meeting date, it would have taken a total of forty workdays to complete the transaction.

Safety - The Purple Line Extension Section 1 C1045 has 11,211,308 Project hours through December 2025, with a Total Recordable Injury Rate (TRIR) 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).

Recommendations/Lessons Learned - No recommendations by the OIG.

Spot Check #4 - The Purple Line Extension Section 3 Transit Station Project

This OIG Spot Check report pertains to the Purple Line Extension Section 3 Transit Station Project (Contract C1152 MOD 00177.1) - Speech Intelligibility Acoustical Treatment Improvements

Change Order Detail

See Attachment A Spot Check #4 table.

Summary #4

Scope of Work - This change order in the amount of \$4,057,321.88 is for MOD 00177.1. It pertains to the Purple Line Extension Section 3 Transit Station Project (C1152). This contract modification authorizes the Contractor to perform construction-only work for Speech Intelligibility acoustical treatment improvements at the Westwood/UCLA Station and the VA Station, as directed by the designer in accordance with the requirements of the Acoustical Analysis Report and Specification Section 09 51 53.

The work encompasses the supply and installation of perforated metal ceiling panels in place of non-perforated metal ceiling panels at the Westwood/UCLA Station and Westwood/VA Hospital Station and spray-on acoustical finishes (Types A, B, C, C1, and D) at multiple station levels - Platform, Concourse, and Passageway - including ancillary mechanical rooms, voided spaces, train rooms, concourse underside structures, and entrance modules, as depicted on the Issued-for-Construction (IFC) drawing set referenced in Exhibit 2 of Change Notice CN-240-DU70 (dated 09/08/2025).

Acoustical treatment types are defined as follows:

- Install perforated ceiling panels in place of non-perforated ceiling panels at the concourse and lowbay platform areas
- Type A - Spray-on acoustic finish (standard absorption)
- Type B - Spray-on acoustic finish (medium absorption)
- Type C - Spray-on acoustic finish (high absorption; applied at seven inches above walkways and ceilings)
- Type C1 - Spray-on fire-resistive acoustic finish
- Type D - Spray-on acoustic finish (specialized; applied at plenum walls/ceilings and underside of concourse structure)

Budget - This change order MOD 00177.1 had an agreed-upon amount of \$4,057,321.88. The Contractor's Cost and Schedule Proposal (CSP) was \$4,042,140, and the Independent Cost Estimate (ICE) was \$5,045,118.54. The ICE is \$1,002,978.54 (24.81%) over the CSP, and \$987,796.66 (24.35%) 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 May 15, 2026, and the staff completed all signature approvals within twelve workdays. Under the prior Board approval method for change orders, assuming presentation at the July Board meeting date, it would have taken a total of forty-seven workdays to complete the transaction.

Safety - The Purple Line Extension Section 3 has 3,101,703 Project hours through December 2025, with a Total Recordable Injury Rate (TRIR) of 1.12 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .25 (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 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.

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- Spot Check #1) \$1,727,681 Purple Line Extension Section 1 Transit Project
 - Spot Check #2) \$731,073 Purple Line Extension Section 2 Transit Project
 - Spot Check #3) \$913,405 Purple Line Extension Section 1 Transit Project
 - Spot Check #4) \$4,057,321.88 Purple Line Extension Section 3 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 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.

ATTACHMENTS

Attachment A - Change Order Details for Spot Checks in this report
Attachment B - OIG Recommendations and Responses Tracking Sheet

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Karen Gorman
Inspector General

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

Change Order Detail

Description of Modification or Change Order – MOD 00282 Additional Work- Wayside and Operational Signage Package.	
<u>Change Order Dates:</u>	
Scope of Work approved	April 08, 2026
Awarded to the Contractor	April 09, 2026
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process and signature approvals	2 workdays
Estimate using former Board approval process Agenda for the July Board Meeting	68 workdays
<u>Cost of Change Order:</u>	
Metro independent cost estimate (ICE)	\$1,736,459
Contractor Stated Proposal (CSP)	\$2,277,317
Negotiated amount	\$1,727,681
Percentage of negotiated amount <i>under</i> ICE	.51%
Negotiated Amount less than the Contractor's Proposal (CSP)	\$549,636

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

Change Order Detail

Description of Modification or Change Order – MOD 00284 Additional Work – Tunnel Walkway and Station Gaps and Signage.	
<u>Change Order Dates:</u>	
Scope of Work approved	April 21, 2026
Awarded to the Contractor	April 28, 2026
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process and signature approvals	8 workdays
Estimate using former Board approval process Agenda for the July Board Meeting	58 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$826,473
Contractor Stated Proposal (CSP)	\$1,450,434
Negotiated amount	\$731,073
Percentage of negotiated amount <i>under</i> (ICE)	11.54%
Negotiated Amount less than the Contractor's Proposal (CSP)	\$719,361

Spot Check #3 – The Purple Line Extension Section 1 Transit Station Project Contract C1045

Change Order Detail

Description of Modification or Change Order – MOD 00290 Additional Work – Personnel Manning of the Emergency Management Panel (EMP) at the Wilshire/La Brea Station	
<u>Change Order Dates:</u>	
Scope of Work approved	May 20, 2026
Awarded to the Contractor	May 21, 2026
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process and signature approvals	4 workdays
Estimate using former Board approval process Agenda for the July Board Meeting	40 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$839,962
Contractor Stated Proposal (CSP)	\$1,563,102
Negotiated Amount	\$913,405
Percentage of negotiated amount <i>over</i> (ICE)	8.74%
Negotiated Amount less than the Contractor's Proposal (CSP)	\$649,697

Spot Check #4 – The Purple Line Extension Section 3 Transit Project - Contract C1152

Change Order Detail

Description of Modification or Change Order – MOD 00177.1 Additional Work – Speech Intelligibility Acoustical Treatment Process	
<u>Change Order Dates:</u>	
Scope of Work approved	May 8, 2026
Awarded to the Contractor	May 15, 2026
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process and signature approvals	12 workdays
Estimate using former Board approval process Agenda for the July Board Meeting	47 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$5,045,118.54
Contractor Stated Proposal (CSP)	\$4,042,140
Agreed Amount	\$4,057,321.88
Percentage of negotiated amount <i>under</i> (ICE)	19.58%
Negotiated Amount over than the Contractor's Proposal (CSP)	\$15,181.88

ATTACHMENT B (APRIL 2025)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#1 The Rail to Rail Active Transport Corridor Project. This OIG Spot Check report concerns the Rail to Rail Active Transport Corridor Project (Contract C1166, MOD 00113) Bollard Procurement.	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? 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.	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. 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.	April 2025
#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	<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 Management's response.	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.	April 2025
#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.	OIG Recommendations/Lessons Learned – The OIG recommends incorporating larger equipment specifications early in the procurement process, which enables more accurate budgeting and planning. This proactive approach helps establish a consistent set price and reduces the likelihood of unforeseen expenses.	Program Management conducts a market and technology assessment during the design phase to identify emerging equipment options and incorporate anticipated upgrades into specifications early in the procurement process. This proactive approach enables more accurate budgeting, establishes a firm baseline price, and reduces the likelihood of unforeseen expenses. The original specified lower-tier equipment stated in this modification was credited to the contract and never delivered. The upgraded equipment, which was not commercially available during the design phase, was procured in its place and provides greater sustainability and adaptability to future system requirements, representing improved long-term value.	July 2026

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

#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.	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. 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 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. 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. 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	The Project team performed a comprehensive reconciliation of the modification record against the contractor's and inspectors' daily reports in Headlight to ensure the PMIS entry accurately reflects the field record. In addition, the Project team conducted a full review of all open and pending modifications on the contract to confirm that no other items remain unrecorded in PMIS. The project fully aligned with Metro's document control and project management requirements, and we welcome any follow-up review the OIG deems appropriate. Response to Recommendation 1: Project Management concurs. The Project team, including the Resident Engineer, has completed a review of the Capital Project requirements set forth in Configuration Management Policies and Procedures CF01–CF04, CF07, and CF10. The subject modification has been fully entered into the Program Management Information System (PMIS), including the complete record of supporting documentation and technical justification. The Project team reaffirms that PMIS is the primary system of record for document control, all site conditions, proposed changes, and technical assessments are recorded in PMIS concurrently with their occurrence. Refresher training on CF-series configuration management procedures were reiterated with project staff. Response to Recommendation 2: Project Management concurs. The Project team has completed an audit of the supporting documentation for this modification and reconciled the PMIS entries against the contractor's and inspectors' daily reports maintained in Headlight. The date discrepancies identified by the OIG have been reviewed, corrected where appropriate, and annotated in the modification file. To prevent recurrence, the Project team has instituted a monthly reconciliation protocol between PMIS and Headlight, with the Resident Engineer responsible for verifying that modification entries, daily reports, and inspection records are consistent across both platforms. Modifications have been entered into PMIS within the timeframes prescribed by Metro's project control procedures, and pending modifications will be reviewed at the project's monthly cost and schedule meetings to ensure timely input and accurate reporting against budget and reserve fund status.	July 2026
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Attachment B - OIG Spot Check Tracking Log: Fiscal Year Recommendations and Responses Pending Resolution

	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.	Response to Recommendation 3: Project Management concurs. The Project team has adopted an early intervention approach to contractor claims and potential change notices. Open and emerging issues are being reviewed at regularly scheduled meetings with the Contractor, with the objective of evaluating merit, negotiating resolution, and closing out claims at the earliest practicable stage. The Project team recognizes that proactive engagement reduces cost overruns, schedule delays, and financial uncertainty, and promotes transparency and cooperation between the Contractor and Project Management. The team will monitor the effectiveness of this approach and maintain documentation of claim resolution timelines in PMIS for future audit and lessons-learned purposes.	
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ATTACHMENT B (FEBRUARY 2025)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#1 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00045) LRT Excessive Deflection.	The OIG requested a response from the Project Management team to a series of questions to justify Metro's reasoning for approving the cost. 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.	Response and justification from Management: 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	Projected revenue service date (RSD) June 2025

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

		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.	
#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.	I have requested a response from the Project Management team to a series of questions to justify Metro's reasoning. 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.	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. The OIG accepts Management's justification of the modification.	Projected revenue service date (RSD) August 2026
#4 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector 96 th St Transit Station (Contract C1197, MOD 00049) Improvements of the north-end perimeter site fencing .	The OIG requested Management's justification to the modification and reasoning that necessitated the improvements to north-end perimeter site fencing.	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.	Projected Revenue Service Date (RSD) June 2025

ATTACHMENT B (JANUARY 2024)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#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.	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.	
#2 Airport Metro Connector (AMC) Project. 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.	Projected Revenue Service Date (RSD) April 2025

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

#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.	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. 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”.	#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. #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.	Projected Revenue Service Date (RSD) September 2025
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