



**OPERATIONS COMMITTEE
JANUARY 15, 2004**

**SUBJECT: DIVISION 11 CATWALK AND RAILING SYSTEM
METRO BLUE LINE**

**ACTION: EXECUTE CONTRACT CHANGE ORDER/MODIFICATION IN
THE AMOUNT OF \$306,000**

RECOMMENDATION

Authorize the Chief Executive Officer to execute Change Order No. 1 to Contract No. C0672 Division 11 Catwalk and Railing System, with Milco Constructors for the design, engineering and installation of one additional Division 11 safety enhancing catwalk and railing System; and increase the contract period of performance by 180 calendar days on the Metro Blue Line vehicle shop safety System in the amount of \$306,000, increasing the Total Contract Value from \$381,766 to \$687,766.

RATIONALE

On December 24, 2002, Contract No. C0672, was awarded to Milco Constructors, Incorporated in the amount of \$349,490 pursuant to PUC 130051.9.c under authority of the Chief Executive Officer. This contract is a fixed-price, federally-funded procurement for the design, engineering and installation of a catwalk and railing system for the Metro Blue Line Vehicle Shop. Six bidders had competed for award. The Notice to Proceed was issued on January 21, 2003 with a completion date of July 20, 2003. Change Orders 2 and 3 in the total amount of \$32,275 were issued for items not covered in the original scope of work.

The original statement of work constructed one catwalk and safety railing system to enhance safety along the three service inspection bays for Tracks 1, 2 and 3. The system replaced the use of portable scaffolding, platforms and ladders used by personnel during scheduled and unscheduled maintenance on the roof of rail cars.

Change Order No. 1 will extend the same safety protection for maintenance personnel performing work in the Heavy Repair Shop. The additional system will be designed to handle loading of air condition units removed from the roof of railcars, pantograph, roof cables, and articulation repairs and act as a working platform during maintenance. The catwalk and railing system will provide safer and easier access from both sides of the rail cars and fall protection for

all maintenance personnel performing maintenance and inspections of the Metro Blue Line vehicles.

IMPACT TO OTHER CONTRACTS

No existing contracts are impacted by the recommendation to install an additional catwalk and railing system at the Metro Blue Line Heavy Repair Shop. Change Order No. 1 is a stand-alone request to provide safer and easier access for maintenance personnel performing maintenance services.

FINANCIAL IMPACT

The funding of \$306,000 for this project is included in the FY04 budget in Cost Center 3920, Wayside Systems under CP # 3206004, Project 200013, Task # 08.02.05, Acquisition of Equipment (Account 53102). The recommended action will increase the Contract No. C0672 Total Contract Value by \$306,000.

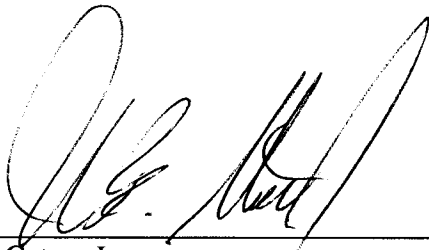
ALTERNATIVES CONSIDERED

The alternative is not to proceed with this change order. However, denial and rejection of this change order by the MTA Board will cause delay in completing the project and will impact our efforts to enhance safety requirements. Additionally, the requirements will have to be rebid.

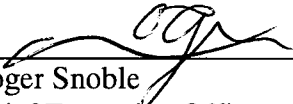
ATTACHMENT (S)

- A Procurement Summary
- A-1 Procurement History
- A-2 Small Business Participation
- B Contract Value Status Summary

Prepared by: George R. Kennedy, Rail Fleet Service Manager
Roger C. Mays, Senior Contract Administrator



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

**DIVISION 11 CATWALK AND RAILING SYSTEM
CONTRACT NO. C0672**

1.	Contract Number: C0672		
2.	Recommended Vendor: Milco Constructors, Inc.		
3.	Cost/Price Analysis Information: See attachment A-1		
	A. Bid/Proposed Price: \$334,282	Recommended Price: \$306,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued:N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference:N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics:		
6.	Small Business Participation: See attachment A-1		
	A. Bid/Proposal Goal: 10%	Date Small Business Evaluation Completed:10/16/02	
	B. Small Business Commitment: 17% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up:N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names: N/A	Bid/Proposal Amount: N/A	Best and Final Offer \$N/A
	B. Evaluation Methodology:Describe Methodology Details are in Attachment A-1		
9.	Protest Information:N/A		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date:N/A		
10.	Contract Administrator: Roger C. Mays	Telephone Number: 213-922-7215	
11.	Project Manager: David Chong	Telephone Number: 213-922-3829	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

**DIVISION 11 CATWALK AND RAILING SYSTEM
CONTRACT NO. C0672**

A. Background On Contractor

Milco Constructors, Inc is located at 3930 Cherry Avenue, Long Beach, CA, and has been in business since 1982 as a General Contractor with an "A" contractor's license. Milco performs structural steel erection, heavy rigging and equipment installations. Milco has not performed any prior contracts for the MTA but has proven expertise in the private sector. Current projects include, but are not limited to, fabricate and erect new dome truss structure for the Hollywood Bowl, installation of Windmills for Mitsubishi and General Electric and fabrication and installation of cooler support platforms and walkways.

The Contractor's performance, quality of work, and safety record was satisfactory on the original statement of work.

B. Procurement Background

Metro Blue Line Maintenance specialists working in the Heavy Repair Shop face the same daily challenge of cleaning and repairing equipment on the rail cars roofs as the Vehicle Repair Shop. Thus, Change Order No. 1 was initiated to replace the Heavy Repair Shop's scaffolds and ladders and to install the same Catwalk and Railing System as installed in the Vehicle Repair Shop. The new System will ensure safety and increase worker efficiency by shortening equipment installation time atop the rail cars. Additionally, the system will provide a worker platform structure and proper fall protection during maintenance, which is presently required by the CPUC and OSHA.

In May 2003, the Office of Procurement and County Counsel reviewed and approved for merit Change Order No. 1 in compliance with Public Utilities Code 130243. MTA requested Milco Constructors to submit a cost and schedule that provides all design, engineering and installation cost for an additional Catwalk and Railing System for the Heavy Repair Shop.

C. Evaluation of Proposal

Milco Constructor's provided a cost and schedule proposal as requested. MTA Estimating, Management Audit Services Department (MASD) and Construction Management reviewed it. In determining a fair and reasonable cost for the change order work, the negotiation team compared the proposed new work (Heavy Repair Shop) to the competitive bid work (Vehicle Repair Shop) in the following ways:

1) MASD performed an audit of Milco's labor rates, material, equipment and subcontractor costs and questioned 20 % of the proposed labor rates, subcontractor costs and related mark-ups.

2) MTA Estimating reviewed Milco's cost and schedule proposal and made two comparisons. One compared the competitive bid prices received for the Vehicle Shop and the second involved developing their own cost using MTA estimating standard systems. Using different construction assumptions and methods, MTA Estimating developed a cost 12% lower than costs proposed by Milco.

3) Construction Management reviewed Milco's cost and schedule proposal and made their comparison from past construction experience and market standards. Their final estimated cost using these methods developed a cost that was 13% lower than costs proposed by Milco.

MTA's negotiating team reviewed the pricing documents developed by MASD, Estimating and Construction Management and developed a pre-negotiation plan in accordance with MTA policy and procedures. Negotiations were completed on September 2003.

D. Cost/Price Analysis Explanation of Variances

The recommended amount of \$306,000 has been determined to be fair and reasonable based upon fact-finding, clarifications, cost analysis, and audit performed by the Management Audit Services Department (MASD). MASD questioned a portion of Contractor's cost based on Supervisor and General Forman labor cost and mark-ups. Development of the negotiated amount and reconciliation of the Contractor's proposal, MASD Audit and MTA Estimate and Construction Management reflected actions ranging from adjusting the unit prices and mark-ups. The negotiated amount of \$306,000 is based on the subtraction of \$28,282 for labor and subcontractor's cost and related mark-ups. The negotiated amount is an 8 1/2 percent decrease from the Contractor's proposed amount and can be accounted for in the possible differing construction approaches.

Bid/Proposal Amount	MTA Estimate	Recommended/Negotiated Amount
\$334,282	\$291,450	\$306,000

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

**DIVISION 11 CATWALK AND RAILING SYSTEM
METRO BLUE LINE**

PRIME CONTRACTOR – Milco Constructors Incorporated

This Contract has a DBE participation goal of **17%**. The contract was awarded on January 21, 2003 to Milco Constructors and is 100% complete. Current DBE attainment¹ based on the relevant contract amount² is **14.8%**. Current DBE participation³ based on total actual amount paid-to-date to Contractor and total actual amount paid-to-date to DBEs is **16.6%**. The DBE subcontractor has performed on the contract as listed.

Original Award Amount	\$	349,490.00
Relevant Contract Value²	\$	353,193.00
Total Actual Amount Paid to Date to Prime	\$	314,541.00

Subcontractor	Commitment	Current Attainment¹	Current Participation³	Current Status
Granitex Constructors	17%	14.8%	16.6%	Expected to meet goal
TOTAL	17%	14.8%	16.6%	

¹*Current Attainment = Total Actual Amount Paid-to-Date to Subs ÷ Relevant Contract Value*

²*Relevant Contract Value = Original Contract Value + Contract Cost Modifications*

³*Current Participation = Total Actual Amount Paid-to-Date to Subs ÷ Total Actual Amount Paid-to-Date to Prime*

**ATTACHMENT B
CONTRACT VALUE STATUS SUMMARY**
013 BLUE LINE OPERATING FACILITIES
MODIFICATION C0672-MOD-0.00

Only shows cost allocated to 013

CONTRACTOR: MILCO CONSTRUCTORS, INC. /
ACTION DESCRIPTION:

CUMULATIVE CONTRACT VALUE STATUS

1.	CUMULATIVE AWARD AMOUNT: [1]	\$349,490.00
2.	PREVIOUSLY EXECUTED CHANGES:	\$32,275.52
3.	CURRENT VALUE: (1+2)	\$381,765.52
4.	AUTHORIZED NTE'S:	\$0.00
5.	OBLIGATED VALUE: (3+4)	\$381,765.52
6.	VALUE OF THIS ACTION:	\$0.00
7.	NEW VALUE (IF APPROVED): (5+6)	\$381,765.52

Contract Value Status Reviewed by MTA Procurement:

CUMULATIVE CONTRACT CONTINGENCY STATUS

8.	MTA APPROVED CONTRACT CONTINGENCY:	\$0.00	
9.	NEW VALUE: (Line 7)	\$381,765.52	
10.	REMAINING CONTINGENCY: (8-9)	(\$381,765.52)	For this action
11.	OTHER PENDING CHANGES (merited)	\$306,000.00	
12.	REMAINING CONTINGENCY VALUE (w/Changes: 10-11)	(\$687,765.52)	For all merited changes (projected cost)
13.	ALLOWANCE FOR OTHER POTENTIAL CHANGES:	\$0.00	
14.	REMAINING CONTINGENCY VALUE (w/Allowance: 12-13)	(\$687,765.52)	For all merited and undefined changes

CONTINGENCY INCREASE REQUIRED/REQUESTED:

CUMULATIVE BUDGET STATUS

15.	INITIAL BUDGET:		
16.	CURRENT BUDGET:	\$350,000.00	Initial to Current Budget
17.	NEW VALUE (IF APPROVED): (Line 7)	\$381,765.52	
18.	REMAINING BUDGET: (16-17)	(\$31,765.52)	
19.	OTHER PENDING CHANGES (merited) (Line 11)	\$306,000.00	
20.	REMAINING BUDGET w/Changes (18-19)	(\$337,765.52)	

BUDGET VARIANCE (Initial to Current)

Contract Budget Status Reviewed by MTA Program Control:

DATE:

[1] - Award Amount includes initial award and Planned Scope Amendments