



TO: Board of Directors

DATE: July 13, 2012

FROM: Alex Clifford
Chief Executive Officer

SUBJECT: Contract Change Order for Purchase of 160 New EMU Commuter Cars

ACTION: Approve Recommendation for Change Order No. 2

RECOMMENDATION

Authorize the Executive Director/CEO to execute Change Order No. 2 to Contract No. K03995 for the purchase of 160 new EMU commuter cars from Sumitomo Corporation of America (SCOA). Change Order No. 2 provides for additional services on the 160 new bi-level commuter cars and extends the contract duration by 61 days to July 31, 2015. Change Order No. 2 increases the contract value by \$962,060.00, from \$576,707,843.00 to \$577,669,903.00. This is an increase of 0.17%.

BACKGROUND

The original Notice of Award to SCOA was dated September 13, 2010. Requests for Proposals were originally solicited from five railcar builders. SCOA was the only offer received. Negotiations were opened with SCOA, the single responsive and responsible proposer, and subsequently a BAFO was requested and received from SCOA.

The award covered the procurement of 160 new electric multi-unit (EMU) gallery type commuter cars and spare parts. These cars will replace the current electric fleet that was built in 1970.

Subsequent to contract execution, the federal mandate for the application of positive train control (PTC) became effective. This mandate and other technical changes, requested by both Metra management and its labor organizations, were included in Change Order No. 1 in the amount of \$16,709,585.00. Change Order No. 1 involved a cost increase resulting from the application of on-board Positive Train Control (PTC) equipment on the 160 cars as required by Title 49, Code of Federal Regulations, Part 234. This change order also covers the application of side loading door sensitive edges, propulsion inhibit interlock, pantograph heater and several other technical changes requires by both Metra management and its labor organizations. Also included are the addition of toilets to 14 cars, and a requirement of not running performance tests for friction brake regulation unless requested by the Federal Railroad Administration.

DISCUSSION

Change Order No. 2 includes the following:

- Change technical requirement to read as follows: “Carshell load test is not required if carshell construction is the same as the 26 Highliners and the carshells are constructed in Japan. The first carshell constructed in the United States shall be load tested in accordance with the requirements detailed in Exhibit 1-M, Section 20.2.2.2.”
- Replace the delivery schedule with the revised delivery schedule dated 4/24/12 and several technical changes, which include enlarging a locker for PTC equipment, adding 120VAC outlets, changing a mounting for automated external defibrillator, and replacing a waste system treatment tank with a retention type tank.

Change Order No. 2 also extends the date for contract completion by 61 days from May 31, 2015 to July 31, 2015. Through negotiations, the cost for Change Order No. 2 was reduced from SCOA’s originally requested \$1,090,805.00 to \$962,060.00.

FISCAL IMPACT

This contract and Change Orders are funded with 100% capital funds and will be charged to project number 3913.

Change Order No. 1 for \$16,709,585.00 increased the original contract value from \$559,998,258.00 to \$576,707,843.00, an increase of 2.98%.

Change Order No. 2 for \$962,060.00 increases the previous contract value of \$576,707,843.00 to \$577,669,903.00, an increase of 0.17%.

The funding for this project is provided by Grants from IDOT.

ALTERNATIVES

Metra would risk violating the mandate for PTC and, without incorporating the efficiency revisions included in Change Order No. 2, SCOA would not have the necessary approvals to send the first car shell built at the new Rochelle, IL factory back to Japan for load testing. This will assure Metra that the new car shells being built in America meet the same quality and standards as the car shells built in Japan. The additional testing will be performed at no cost to Metra. SCOA has determined that it can expedite production and delivery of the first 80 cars.

NEXT STEPS

After Board approval, the Change Order will be submitted to the Executive Director/CEO for his execution.

ATTACHMENTS

- A. Summary of Metra Procurement
- B. Procurement History

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SUMMARY OF METRA PROCUREMENT

Award To: Sumitomo Corporation of America		Amount: \$962,060.00	
Procurement of: 160 New Bi-Level EMU Commuter Cars		Purchase Order/Contract No.: K03995	
Bid Expiration Date: N/A	Funding Source: Capital/IDOT	IFB No.: 49223	Lead: M. Ryan
			Responsible Dept.: Mechanical
Bid Opening Date: N/A	Public Notice Date: N/A	Publication: N/A	
Duration: 61 day extension	Quantity: 1 Lot	Unit Cost: \$962,060.00	Date Prepared: 5/29/12
			Prior Expenditures: Original contract: \$559,998,258.00 C.O. No. 1: \$16,709,585.00
DBE Goal: No DBE goal – Procurement is a change order on a contract previously awarded.			
Action: Issue Change Order No. 2 to cover additional work in the general scope of the contract and extend the date for contract completion.			
<p>Background:</p> <p>This contract covers the procurement of 160 new electric multi-unit gallery type commuter cars and spare parts. These cars will replace the current electric fleet that was built in 1970.</p> <p>Change Order No. 1 for \$16,709,585.00 increased the original contract value from \$559,998,258.00 to \$576,707,843.00, which was an increase of 2.98%.</p> <p>Change Order No. 1 involved a cost increase resulting from the application of on-board Positive Train Control (PTC) equipment on the 160 cars as required by Title 49, Code of Federal Regulations, Part 234. This change order also covers the application of side loading door sensitive edges, propulsion inhibit interlock, pantograph heater and several other technical changes requires by both Metra management and its labor organizations. Also included were the addition of toilets to 14 cars, and a requirement of not running performance tests for friction brake regulation unless requested by the FRA.</p> <p>Change Order No. 2 for \$962,060.00 increases the previous contract value of \$576,707,843.00 to \$577,669,903.00, an increase of 0.17%. The additional work for change order No. 2 includes:</p> <ol style="list-style-type: none"> 1. Exhibit 1-A: Change Section 28(C) (2) to read as follows: “Carshell load test is not required if carshell construction is the same as the 26 Highliners and the carshells are constructed in Japan. The first carshell constructed in the United States shall be load tested in accordance with the requirements detailed in 			

Exhibit 1-M, Section 20.2.2.2.”

2. Exhibit 1-F: Replace the delivery schedule with the revised delivery schedule dated 4/24/12.
3. Technical changes (Contract Exhibit 1-M):
 - a. Remove one flip up seat to accommodate enlargement of PTC equipment locker. Provide manifold design for pressure switch and magnet valve. Change scope of supply for 4 PTC items from Wabtec Railway Electronic to Nippon Sharyo.
 - b. Change mounting located for Automated External Defibrillator.
 - c. Add passenger 120VAC convenience outlets on the lower level of the cars.
 - d. Change TIMS Antenna of odd numbered from dual mode (GPS+3G) to tri-mode (GPS+3G+4G).
 - e. Delete: 500 standard keys, 320 t-handle keys, 320 First Aid Kits and 80 Bloodborne Pathogen Protection Kits.
 - f. Replace waste system treatment tank with a retention type tank.
4. Conduct a study on snow plow shape and reinforcement.

Change Order No. 2 also extends the date for contract completion by 61 days from May 31, 2015 to July 31, 2015.

The required funding agency approvals for Change Order No. 2 have been received.

**BOARD REPORT
PROCUREMENT HISTORY**

A. Background on Contractor

Sumitomo Corporation of America (SCOA) and Nippon Sharyo have been supplying commuter rail cars, including Electric Multiple Unit (EMUs), in the North American market since the 1980s. In the 30-year period, they have delivered approximately 900 cars.

In October 2010, Nippon Sharyo strengthened its long commitment to the North American marketplace and announced the establishment of its own passenger railcar production facility in Rochelle, Illinois. This investment is anticipated to increase its competitiveness in the North American market. In addition to the 160 gallery-type EMUs for Metra in Illinois, 12 single-level Diesel Multiple Units (DMUs) for Sonoma Marin Area Rail Transit (SMART) in California and 18 single-level DMUs for Metrolinx in Toronto, Canada are already scheduled for production when the facility opens.

Sumitomo has 50 years of contract management experience in bringing transportation systems to life. As a prime contract company, Sumitomo has developed, managed and delivered transit systems for Chicago's Metra, the Northern Indiana Commuter Transportation District, the Maryland Mass Transit Administration, California's CALTRANS Peninsula Corridor Joint Powers of the Los Angeles County MTA, and the Virginia Railway Express, and will begin the delivery of DMUs to SMART and Metrolinx at the end of 2013. Sumitomo has supplied Automated People Mover (APM) systems for Washington Dulles International Airport, Hartsfield-Jackson Atlanta International Airport and Miami International Airport.

Sumitomo globally has been involved in building various types of transit systems around the world, including light rail systems in Manila, Philippines, people mover systems at Hong Kong's new airport in Chek Lap Kok, and other systems in Japan.

Nippon Sharyo, founded in 1896, has manufactured railroad vehicles for more than 100 years and has annual sales of over \$1,200 million. A world leader in the manufacturing of the Gallery-type car, the company also owns the largest market share Japanese "Shinkansen" bullet train sets.

B. Procurement Background

The contract to which this Change Order No. 2 applies, K03995, was originally awarded to the single responsive and responsible proposer. As a result of the proposal opening on March 24, 2009, SCOA was determined the single responsive and responsible proposer.

C. DBE Goal

No DBE goal – Procurement is a change order on a contract previously awarded.

D. Evaluation Criteria

Not applicable. This is a change order on a contract previously awarded.

E. Cost/Price Analysis

The original estimate for this change order was \$994,680.00. Change Order No. 2 at the negotiated price of \$962,060.00 is \$32,620.00 below the estimate, a difference of 3.28%. The Audit Department completed an analysis on the scope of the Change Order and the hours and quantities necessary to complete the work. Its review included an analysis of the unit pricing for labor, material and equipment used by the contractor as well as a review of mathematical accuracy and appropriateness of documentation and of the independent estimates. Audit concluded the Change Order amount to be fair and reasonable.