

**CONSTRUCTION COMMITTEE  
OCTOBER 15, 2025**

**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 June 1, 2025, to August 31, 2025.

**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 June 1, 2025, to August 31, 2025. 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 3 Tunnel Project**

This OIG Spot Check report pertains to the Purple Line Extension Section 3 Tunnel Project (Contract C1151 MOD 00035.1), Additional abandonment depths for the partial removal of Geotechnical Instrumentation beneath the surface.

#### **Change Order Detail**

See Attachment A Spot Check #1 table.

#### **Summary #1**

**Scope of Work** – This change order of \$1,147,493 is for MOD 00035.1. This modification compensates the Contractor for unexpected labor and material costs related to the partial removal of various geotechnical instrumentation that was installed beneath the surface of the Purple Line Extension Section 3 Tunnel Project. These instruments were installed at 75 locations along the tunnel alignment, at depths of up to 120 feet, for the purposes of monitoring earth movement and groundwater during construction activities.

Under the executed 2017 contract, partial removal of these instruments was specified to a depth of 8 feet below the surface. This type of work generally required shallow excavations of 2 to 3 feet and was planned to be done manually with shovels, followed by a bentonite/cement mixture to seal the boreholes.

In 2021, the State of California and the Los Angeles County Department of Public Health updated their standards for decommissioning these types of monitoring wells. The revised guidance increased the required abandonment depth to 20 feet below the subsurface to prevent vertical contaminant migration and protect groundwater.

Under the current Memorandum of Agreement (MOA) with the City of Los Angeles, METRO is required to comply with any State regulatory changes adopted after the six months of the MOA execution. Therefore, the updated 2021 abandonment standards applied. Meeting these updated requirements significantly expanded the scope and complexity of the abandonment effort, now requiring additional labor, more materials, and specialized excavation equipment at all 75 locations.

**Budget** – This change order for MOD 00035.1 was negotiated to the amount of \$1,147,493 to account for the additional 12 feet of depth required for abandonment and

partial removal of the geotechnical instrumentation. The Contractor's Cost and Scheduled Proposal (CSP) was \$1,156,311.10, and the Independent Cost Estimate (ICE) was \$1,267,057. The ICE is \$110,745.90 (8.74%) over the CSP, and the negotiated amount is \$119,564 (9.44%) 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 July 2, 2025, and the staff completed all signature approvals within five workdays. Under the prior Board approval method for change orders, assuming presentation at a September Board meeting date, it would have taken a total of fifty-five workdays to complete the transaction.

**Safety** – The Purple Line Extension Section 3 Project has 2,054,927 Project hours through July 2025, with a Total Recordable Injury Rate (TRIR) of 2.34 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .58 (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 3 Transit Project**

This OIG Spot Check report pertains to the Purple Line Extension Section 3 Transit Project (Contract C1204 MOD 00004), Extension of the valet and shuttle services contract at the Veterans Affairs (VA) Hospital campus.

### **Change Order Detail**

See Attachment A Spot Check #2 table.

### **Summary #2**

**Scope of Work** – This change order of \$1,180,408 is for MOD 00004. This modification is related to the Purple Line Extension 3 (PLE3) Transit Project (C1204) and Metro's Memorandum of Understanding (MOU) with the Veterans Affairs (VA) Hospital. This contract extension fulfills Metro's agreement with the VA Hospital to ensure a smooth transition for patients, visitors, and staff whose access has been affected by the PLE3 construction on the VA Hospital campus.

The modification addresses the reduced on-site parking at the VA Hospital campus by continuing transportation services for hospital patients from July 1, 2025, through December 31, 2025. It provides valet service for 250 vehicles daily, and two shuttles that make multiple stops across the 400-acre VA Hospital campus, connecting the remote parking lot to the hospital entrance. These services are essential to maintaining access, minimizing disruption, and upholding Metro's commitment to the VA Hospital

during construction activities.

**Budget** – This change order for MOD 00004 had an agreed-upon amount of \$1,180,408. The Contractor's Cost and Schedule Proposal (CSP) was \$1,180,408, and the Independent Cost Estimate (ICE) was \$1,279,000. The ICE is \$98,592 (7.71%) over the CSP and 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 May 30, 2025, and the staff completed all signature approvals within three 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 thirty-one workdays to complete the transaction.

**Safety** – The Purple Line Extension 3 Project has 65,784 Project hours through July 2025, with a Total Recordable Injury Rate of 3.04 (the Bureau of Labor Statistics National Average is 2.4) and a Days Away, Restricted or Transferred (DART) rate of 3.04 (the Bureau of Labor Statistics National Average is 1.5).

**Recommendation/Lessons Learned** – No recommendations by the OIG.

### **Spot Check #3 – The Purple Line Extension Section 2 Transit Project**

This OIG Spot Check report pertains to the Purple Line Extension Section 2 Transit Project (Contract C1120 MOD 00255), Full resolution of the Contractor's claim of construction-related costs for the Overhead Plenum Exhaust Systems at the Century City Station (CCS), and the Beverly Drive Station (BDS).

### **Change Order Detail**

See Attachment A Spot Check #3 table

### **Summary #3**

**Scope of Work** – This change order of \$7,861,404 is for MOD 00255. This modification pertains to the Purple Line Extension Section 2 Project (C1120) to resolve the Contractor's claim for construction-related costs (labor, equipment, and materials) that were necessitated by the revision of the Overhead Plenum Exhaust (OPE) systems at the Century City Station (CCS) and the Beverly Drive Station (BDS). This change order was settled following the recommendations made by the Dispute Review Board (DRB) on September 27, 2024, which include the following scopes of work:

1. Emergency Ventilation System Upgrades
2. Back-of-House Cast-in-Place (CIP) Concrete

3. Concourse Structural Steel Plenum and Fireproofing
4. Elimination of Smoke Chimneys
5. Architectural and Framing Modifications
6. Fire-Rated Separations, Expansion Control, and Acoustic Modifications
7. Access Modifications

**Budget** – This change order for MOD 00255 was negotiated to \$7,861,404. The Contractor’s Cost and Scheduled Proposal (CSP) was \$8,491,900, and the Independent Cost Estimate (ICE) was \$8,012,770. The ICE is \$479,130 (5.64%) less than the CSP, and the negotiated amount is \$151,366 (1.89%) less than the ICE. The staff stated that funds for this change order are within the recently amended Life-of-Project budget.

**Schedule** – The CEO Delegation of Authority process was utilized for this change order. The Contractor and Metro agreed on the Scope of Work on September 27, 2024. The modification was awarded on June 23, 2025, and it took the staff fifteen workdays to complete all signature approvals. Under the prior Board approval method for change orders, assuming presentation at the September Board meeting date, it would have taken a total of sixty workdays to complete the transaction.

**Safety** – The Purple Line Extension 2 Project has 5,691,744 Project hours through July 2025, with a Total Recordable Injury Rate of 2.25 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .42 (the Bureau of Labor Statistics National Average is 1.5).

**Recommendations/Lessons Learned** – Ambiguity in the project definition drawings caused misalignment between the design intent and construction execution. The drawings for the OPE system lacked essential details, leaving the Contractor to interpret conditions that were not fully defined. This gap resulted in delays, disputes, and costly adjustments.

(Consider) continuing the Program Management practice of early contractor involvement and use design review meetings with the contractors to help identify these gaps, differing interpretations, or omissions, to effectively align the design intent with Metro expectations and field implementations.

#### **Spot Check #4 – The LAX/Metro Transit Connector Project**

This OIG Spot Check report pertains to the LAX/Metro Transit Center Station Project (Contract C1197 MOD 00057), Improving the slip resistance on the Terrazzo finish.

#### **Change Order Detail**

See Attachment A Spot Check #4 table.

#### **Summary #4**

**Scope of Work** – This change order of \$1,118,635 is for MOD 00057. It pertains to the LAX/Metro Transit Center Station Project. It was issued to address latent ambiguity in the original contract’s technical specifications related to slip-resistance requirements for terrazzo walking surfaces.

During project delivery, and after the terrazzo flooring was installed, Metro and the contractor identified that the contract did not clearly define the measurable performance criteria for slip resistance. Following a formal contract review, management determined that the specifications lacked sufficient detail to enforce compliance, with no potential for cost recovery.

To address this gap, the scope of work for this modification includes all necessary labor, equipment, and materials to achieve the required slip resistance on the terrazzo flooring throughout the station. These improvements are crucial in preventing slips and falls in public, high-traffic environments.

**Budget** – This change order MOD 00057 was negotiated to \$1,118,635. The Contractor’s Cost and Scheduled Proposal (CSP) was \$1,129,095, and the Independent Cost Estimate (ICE) was \$1,058,968. The ICE is \$70,127 (6.21%) less than the CSP, and the negotiated amount is \$59,667 (5.64%) over the ICE. 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 June 10, 2025, and the staff completed all signature approvals within two workdays. Under the prior Board approval method for change orders, assuming presentation at the September Board meeting date, it would have taken a total of sixty-eight workdays to complete the transaction.

**Safety** – The LAX/Metro Transit Connector Project has 1,577,260 Project hours through July 2025, with a Total Recordable Injury Rate (TRIR) of 1.27 (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).

**Recommendations/Lessons Learned** – There was ambiguity in the technical specifications and the pre-acceptance portion of the contract. Slip resistance standards (e.g., R11, R12) were not clearly defined expectations, and performance testing requirements (such as friction testing) were not incorporated into the pre-acceptance process.

(Consider) incorporating full-size mock-ups for finishes with performance criteria (e.g., safety, slip resistance, durability) before installation begins. Currently, mock-ups are typically reviewed for aesthetics but may not include other criteria. Provide more detailed language regarding technical specifications and the pre-acceptance phase of the contract.

## **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) \$1,147,493 Purple Line Extension Section 3 Transit Project
- Spot Check #2) \$1,180,408 Purple Line Extension Section 3 Transit Project
- Spot Check #3) \$7,861,404 Purple Line Extension Section 2 Transit Project
- Spot Check #4) \$1,118,635 LAX/Metro Transit Connector 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 item 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

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Reviewed by: Karen Gorman, Inspector General, (213) 244-7337



Karen Gorman  
Inspector General

**Spot Check #1 – The Purple Line Extension Section 3 Tunnel Project – Contract C1151**

**Change Order Details**

<u>Description of Modification or Change Order – MOD 00035.1</u> Additional Abandonment Depths of Geotechnical Instrumentation	
<u>Change Order Dates:</u>	
Scope of Work approved	May 26, 2025
Awarded to the Contractor	June 2, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process	5 workdays
Estimate using former Board approval process Agenda for the September 17, 2025 Board Meeting	55 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$1,267,057
Contractor's Stated Proposal (CSP)	\$1,156,311.10
Negotiated amount	\$1,147,493
Percentage of negotiated amount <i>under</i> ICE	9.44%
Amount less than the Contractor's Stated Proposal (CSP)	\$8,818.10

**Spot Check #2 – The Purple Line Extension Section 3 Transit Project - Contract C1204**

**Change Order Details**

<u>Description of Modification or Change Order – MOD 00004</u> Shuttle and Valet Services at the Veteran Affairs Hospital Campus	
<u>Change Order Dates:</u>	
Scope of Work approved	May 28, 2025
Awarded to the Contractor	May 30, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	3 workdays
Estimate using former Board approval process Agenda for the July 16, 2025 Board Meeting	31 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$1,279,000
Contractor Stated Proposal (CSP)	\$1,180,408
Negotiated amount	\$1,180,408
Percentage of negotiated amount <i>under</i> (ICE)	7.71%
Amount less than the Contractor's Stated Proposal (CSP)	\$0

### **Spot Check #3 – The Purple Line Extension Section 2 Transit Project - Contract C1120**

#### **Change Order Details**

<u>Description of Modification or Change Order – MOD 00255</u>	
Full Resolution of the Contractor's Claim of Construction-related Costs for the Overhead Plenum Exhaust Systems at the Century City Station (CCS) and Beverly Drive Station (BDS).	
<u>Change Order Dates:</u>	
Scope of Work approved	June 6, 2025
Awarded to the Contractor	June 10, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	15 workdays
Estimate using former Board approval process Agenda for the September 17, 2025 Board Meeting	60 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$8,012,770
Contractor Stated Proposal (CSP)	\$8,491,900
Negotiated amount	\$7,861,404
Percentage of negotiated amount <i>under</i> (ICE)	1.89%
Amount less than the Contractor's Stated Proposal (CSP)	\$630,496

### **Spot Check #4 – The LAX/Metro Transit Center Project - Contract C1197**

#### **Change Order Details**

<u>Description of Modification or Change Order – MOD 00057</u>	
Acid Etching on the Terrazzo Finish	
<u>Change Order Dates:</u>	
Scope of Work approved	June 08, 2025
Awarded to the Contractor	June 10, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	2 workdays
Estimate using former Board approval process Agenda for the September 17, 2025 Board Meeting	68 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$1,058,968
Contractor Stated Proposal (CSP)	\$1,129,095
Negotiated amount	\$1,118,635
Percentage of negotiated amount <i>over</i> (ICE)	5.64%
Amount less than the Contractor's Stated Proposal (CSP)	\$10,460

## ATTACHMENT B (OCTOBER 2025)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<p><b>Spot Check #3 - Purple Line Extension Section 2 Transit Project</b> This OIG Spot Check report pertains to the Purple Line Extension Section 2 (Contract C1120 MOD 00255), Full resolution of the Contractor's claim of construction-related costs for the Overhead Plenum Exhaust Systems at the Century City Station (CCS), and the Beverly Drive Station (BDS).</p>	<p>Recommendations/Lessons Learned – Ambiguity in the project definition drawings caused misalignment between the design intent and construction execution. The drawings for the OPE system lacked essential details, leaving the Contractor to interpret conditions that were not fully defined. This gap resulted in delays, disputes, and costly adjustments.</p> <p>(Consider) continuing the Program Management practice of early contractor involvement and use design review meetings with the contractors to help identify these gaps, differing interpretations, or omissions, to effectively align the design intent with Metro expectations and field implementations.</p>	<p>Project Management agreed with the recommendation.</p>	<p>August 25, 2025</p>
<p><b>Spot Check #4 – LAX/Metro Transit Connector Project.</b> This OIG Spot Check report pertains to the LAX/METRO Transit Connector Project (Contract C1197 MOD 0057), Improving the slip resistance on the Terrazzo finish.</p>	<p>Recommendations/Lessons Learned – There was ambiguity in the technical specifications and the pre-acceptance portion of the contract. Slip resistance standards (e.g., R11, R12) were not clearly defined expectations, and performance testing requirements (such as friction testing) were not incorporated into the pre-acceptance process.</p> <p>(Consider) incorporating full-size mock-ups for finishes with performance criteria (e.g., safety, slip resistance, durability) before installation begins. Currently, mock-ups are typically reviewed for aesthetics but may not include other criteria. Provide more detailed language regarding technical specifications and the pre-acceptance phase of the contract.</p>	<p>Project Management agreed with the recommendation.</p>	<p>September 8, 2025</p>

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

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**ATTACHMENT B (JULY 2025)**

<b>OIG REPORT, SPOT CHECK, # MOD #</b>	<b>RECOMMENDATIONS</b>	<b>MANAGEMENT'S RESPONSES</b>	<b>COMPLETION DATE</b>
<p><b>Spot Check #1 – Rail to Rail Active Transport Corridor Project</b>                      This OIG Spot Check report pertains to the Rail to Rail Active Transport Corridor Project (Contract C1166 MOD 00136), Differing Site Conditions.</p>	<p>It is recommended that the Metro designer conduct comprehensive subsurface investigations within the <b>project boundary</b>, which could include the public right-of-way (city property) and the Metro right-of-way (Metro property) during the design phase. Furthermore, the potholing checklist should be revised to document all subsurface material encountered, not only at the utility locations.</p>	<p>Project Management agreed with the recommendation.</p>	<p>June 6, 2025</p>
<p><b>Spot Check #3 - Purple Line Extension Section 2 Transit Project</b>                      This OIG Spot Check report pertains to the Purple Line Extension Section 2 (Contract C1120 MOD 00247.1), Memorandum of Agreement (MOA) impacts at the Wilshire/Rodeo Station for Street-Level Restorations.</p>	<p>Securing a Memorandum of Agreement ahead of time, where possible, and ensure that Metro incorporates the MOA conditions into the contract terms with the Contractor.</p>	<p>Project Management agreed with the recommendation.</p>	<p>June 5, 2025</p>

ATTACHMENT B (APRIL 2025)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<p><b>#1 The Rail to Rail Active Transport Corridor Project.</b> 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 of 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. This approach enhances accessibility and ensures that public spaces are safer and more navigable for all, including pedestrians and cyclists.</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 Project, such as storage, touch-up painting, handling/transportation, and anti-graffiti coating.</p>	March 7, 2025
<p><b>#2 The Purple Line Extension Section 2 Transit Project.</b> 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><b><u>Question to the Purple Line Extension 2 Program Management.</u></b> 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.</p> <p>No Recommendations for this spot check on the basis of management's 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>	March 13, 2024
<p><b>#3 The Purple Line Extension Section 1 Transit Project.</b> 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><b>OIG Recommendations/Lessons Learned</b> – 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>The project underwent significant changes, and I see some risk in doing that on design-build contracts because Metro would be buying something that may have complications with the design-builder's final design.</p>	April 15, 2025
<p><b>#4 The I-5 North County Enhancement Project.</b> This OIG Spot Check report concerns the I-5 North County Enhancement Project (Contract C70396C1205, MOD 00050) Differing Site Conditions.</p>	<p><b>OIG Recommendations/Lessons Learned</b> – The project management software "Headlight," which is being used on this project to review the daily reports for the period of the modification. There was no record of the modification on Metro's Project Management Information System (PMIS) from the Project team for 19 months. There was no comment by the Resident Engineer about the site conditions concern in the Daily Reports in Headlight. Management indicates that this is because it is in the Risk Register until the change order is complete. The OIG does not currently have access to the database. We request access to that in the future to enable us to better evaluate these types of matters.</p>	<p>Management responded: Management indicated that the information was being tracked on a risk register and was pending merit from the contractor.</p>	April 12, 2025

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

	<p><b>Recommendation 1:</b> 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, such that a major pending change order has a placeholder noted in PMIS.</p> <p><b>Recommendation 2:</b> 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 "Headlight," indicating a possible communication disparity between the use of both programs, unless the information is contained in the Risk Registry.</p> <p><b>Recommendation 3:</b> 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
<p><b>#1 Airport Metro Connector (AMC) Project.</b> 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"> <li>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.</li> <li>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.</li> </ul>	<p>November 13, 2024</p>
<p><b>#2 WS Purple Line Ext. 2 Project.</b> 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>November 7, 2024</p>

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

<p><b>#4 Airport Metro Connector (AMC) Project.</b> This OIG Spot Check report concerns the Airport Metro Connector 96<sup>th</sup> 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>October 24, 2024</p>
<b>ATTACHMENT B (JANUARY 2024)</b>			
<b>OIG REPORT, SPOT CHECK, # MOD #</b>	<b>RECOMMENDATIONS</b>	<b>MANAGEMENT’S RESPONSES</b>	<b>COMPLETION DATE</b>
<p><b>#1 Division 20 Portal Widening Turnback Project.</b> 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&amp;O) from the Design Firm of Record.</p>	<p>November 23, 2023</p>
<p><b>#2 Airport Metro Connector (AMC) Project.</b> 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>November 17, 2025</p>
<p><b>#3 The Purple Line Extension Section 1 Transit Project.</b> 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><b>#3 (Top Half):</b> 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><b>#3 (Bottom Half):</b> The Project Manager and DEOD clarified the Contract requirements for achieving the DBE goal for Changed Work in the above attached letter.</p>	<p>November 30, 2025</p>

**ATTACHMENT B (OCTOBER 2023)**

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<p><b>#1 Division 20 Portal Widening Turnback Project.</b> This OIG Spot Check report concerns the Division 20 Portal Widening Turnback Project (Contract C1136, MOD 0092) Rebar for Contact Rail Encasement.</p>	<p>The OIG recommends an updated ICE reflecting the complete work that should have been requested to aid in the negotiations with the contractor for final settlement. Lessons Learned is to evaluate duct banks in trenches for compliance with applicable city standards and loading requirements for static and dynamic loading demands when installing these. Future design plans should include this as a requirement to check.</p>	<p>The ICE did not have all the details of the scope of work in correlation with Engineering and contractor means and methods.</p>	<p>December 27, 2024</p>

**ATTACHMENT B (JANUARY 2022)**

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
<p><b>#4 WS Purple Line Extension 3 Project.</b> This OIG Spot Check concerns the Purple Line Extension EXT.3 (Contract C1152 MOD-0007) Replacement Parking at VA Hospital Lot 42, during Station. Construction.</p>	<p>The OIG recommends that the Contractor be instructed to timely submit cost proposals, enter negotiations, and sign agreements before work is performed so Metro can process the work order close in time to work being performed, not only to pay the contractor but to help ensure the subcontractors are paid timely.</p>	<p>Project Management agreed with the recommendation.</p>	<p>December 27, 2024</p>