Los Angeles County Metropolitan Transportation Authority One Gateway Plaza 3rd Floor Board Room Los Angeles, CA



Board Report

File #: 2025-0455, File Type: Contract

Agenda Number: 35.

REGULAR BOARD MEETING MAY 22, 2025

SUBJECT: RATIFICATION OF HR5000 HEAVY RAIL VEHICLE (HRV) CONTRACT AND THE A650 HRV REFURBISHMENT CONTRACT

ACTION: RATIFICATION OF CONTRACTS

RECOMMENDATION

CONSIDER:

- A. RATIFYING the procurement and award of Contract No. OP239906000HR5000 (HR5000 Contract) to the Hyundai Rotem USA Corporation (Hyundai Rotem), and the HR5000 Contract as amended by Modifications 1-3 for the manufacturing and delivery of 182 new heavy rail vehicles (HRVs), in the amount of \$663,688,303 for the base contract buy, exclusive of one contract option for an additional 50 HRVs, totaling 232 HRVs for a total of \$730,057,133;
- B. RATIFYING the procurement and award of Contract No. OP245126000A650HRV (A650 Contract) to Woojin IS America (Woojin), and the A650 Contract as amended by Modifications 1-3 for the refurbishment of 74 A650 HRVs, in the amount of \$213,587,542.63 for 70 base HRVs, and one contract option for an additional 4 HRVs, totaling 74 HRVs; and
- C. ADOPTING the resolutions attached as Attachment A and Attachment B, affirming that modifications made to the HR5000 and A650 Contracts to bring the Contracts into compliance with the Manufacturing Careers Policy (MCP) are consistent with Metro's goals to implement the MCP into the HR5000 and A650 Contracts, and do not fundamentally alter the HR5000 and A650 Contracts so as to warrant rebidding the contracts.

<u>ISSUE</u>

On December 1, 2022, the same date that the HR5000 Contract solicitation was authorized, the Board adopted the MCP as a new policy. The MCP modified Metro's prior U.S. Employment Program (USEP) and Local Employment Program (LEP) guidelines and combined them into a single policy. The HR5000 RFP, which had been drafted prior to the adoption of the MCP, as well as the initially executed HR5000 Contract, did not mirror certain elements of the MCP. The procurement did, however, require proposers to include USEP plans in their proposals that met the spirit of the MCP. The USEP portions of the proposals were scored in conformance with scoring criteria set forth in the RFP, and the procurements were conducted and scored in a fair, transparent, and consistent manner

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without favoritism. The winning proposer, Hyundai Rotem, committed to provide more than \$121 Million in U.S. jobs and facility investments. The HR5000 Contract has been modified to reflect the contractual provisions required by the MCP and the contract now complies with the MCP.

The HR5000 Contract is time-sensitive and critical to securing new HRVs so Metro can achieve required service levels and provide transportation for, among other things, the 2028 Olympic and Paralympic Games. The Contract has since been modified to comply in all material respects with the MCP. For these reasons, staff is requesting that the Board ratify the amended HR5000 Contract notwithstanding any deviations from the MCP that appeared in the earlier RFP, the proposals, and initial contract language. Ratification by the Board confirms that the Board wants to proceed with the Contract as procured, executed and modified.

A similar situation arose on the A650 Contract, another time sensitive contract providing for the refurbishment of 70-74 heavy rail cars, where the RFP was authorized at the same Board meeting (December 1, 2022) where the adoption of the MCP and HR5000 RFP were approved. Only one contractor, Woojin IS America (Woojin), responded to the A650 RFP. Woojin has committed to provide more than \$23 million in U.S. jobs, training and facility investments. Like the HR5000 Contract, the A650 Contract has been modified to incorporate all material contractual terms required by the MCP, and Metro staff recommends ratification of this contract as well.

Metro's Vendor/Contract Management (VCM) and Diversity and Economic Opportunity Department (DEOD) have taken and will continue to take steps to ensure that the HR5000 and A650 contractors comply with the MCP. Additionally, VCM and DEOD have taken steps to ensure future procurements and applicable contracts contain language consistent with the MCP.

BACKGROUND

Manufacturing Careers Policy

On December 1, 2022, the Metro Board adopted the MCP to administer the United States Employment Program (USEP) for federally funded rolling stock (rail and bus) contracts and the Local Employment Program (LEP) for locally funded rolling stock contracts. The MCP generally applies to rolling stock procurements with an independent cost estimate of at least \$50 million. Objectives of the MCP are to maximize: (1) quality job creation and career development for low-income residents and those facing barriers to employment; (2) equity outcomes and economic resiliency in disadvantaged communities; and (3) investments in new or existing manufacturing/assembly facilities in the United States and Los Angeles County.

Under the MCP, proposers for applicable federally funded contracts are asked to propose a USEP program. The USEP requirements under the new MCP differed from prior USEP guidelines in certain ways. For example, the MCP states that USEP portions of proposals for applicable contracts be worth 5% of the overall proposal scores and calls for consideration of "the *quality* of the USEP . . . commitments (including but not limited to the total number of FTEs [Full Time Equivalents], the Fringe Benefit Amounts for each classification, the Minimum Hourly Wage Rate for each classification, the commitment to hire Disadvantaged Workers, and the Workforce Training commitment), and responsiveness to the USEP or LEP requirement."

Other MCP changes included that proposers commit to hiring a minimum of 10% disadvantaged workers based on the number of new and retained workers (rather than on total wages and benefits), describe commitments to workforce training, and indicate minimum hourly wages and fringe benefit commitments. The MCP further permits proposers' USEP total dollar commitments to include the value of new *and retained* workers and provides that "investment in design, manufacturing, commissioning and maintenance facilities in the U.S. and Los Angeles County . . . will be factored into [RFP] scoring" The MCP also added provisions to enhance monitoring and enforcement of the contractors' USEP commitments, such as submission of certified payrolls, site inspections, enhanced audit provisions and remedies for non-compliance, and training sessions by DEOD. The MCP also contemplates the use of standardized Labor Value Forms to be created by Metro for the inclusion of greater detail concerning the contractors' USEP information. A copy of the MCP is provided at Attachment C.

The HR5000 Contract

On December 1, 2022, during the same Board Meeting in which the MCP was adopted, the Board authorized the solicitation of proposals for the HR5000 HRV procurement. Two business days later, on December 5, 2022, Metro issued the RFP for HR5000 HRV procurement, which had been drafted prior to the Board's adoption of the MCP.

The HR5000 RFP and its subsequent amendments included language that reflected certain USEP requirements, but inadvertently left out a number of elements included in the MCP. The RFP did provide that 5% of the score, as required by the MCP, be allocated to the USEP. Although the RFP omitted certain USEP requirements identified in the MCP, all of the contractual requirements identified in the MCP have now been added into the HR5000 Contract by modification.

The following are examples of aspects of the MCP that were omitted from the RFP or the originally executed contract but are now reflected in the modified HR5000 Contract:

- The RFP stated that proposers' USEP commitments were to account for *new* U.S. workers as opposed to "new *and retained*" workers as provided in the MCP. The modified HR5000 Contract now accounts for this.
- While the RFP required proposers to indicate the number of FTE's, type and duration of jobs, total value of wages and benefits, and facility and training investments, it did not require the proposers to identify minimum wage rate and minimum benefit rate for specific jobs as called for by the MCP. This information is now included in the modified HR5000 Contract.
- The RFP instructions provided that proposers should submit Labor Value Forms (LVFs) (a standardized form the MCP contemplated Metro would create in order for proposers to present USEP information contemplated by the MCP). However, the RFP did not attach such a form of LVF for the proposers to fill out, though LVFs have now been provided for and completed by Hyundai Rotem in the modified Contract.
- Amendment 10 to the RFP required a 10% commitment of new wages and benefits to

disadvantaged workers, to which Hyundai Rotem, the winning proposer, took no deviations and re -confirmed its commitment to Metro. Although Amendment 10 provided for a 10% commitment to disadvantaged workers, it was based on wages and benefits rather than the number of new and retained workers as required by the MCP. The HR5000 Contract, however, is now consistent with the MCP on this point.

• The RFP and originally executed contract did not require submission of certified payrolls, hiring a jobs coordinator, or include various definitions required by the MCP, all of which are now in the HR5000 Contract as modified.

Three companies submitted proposals in response to the HR5000 RFP: Hyundai Rotem, Stadler Rail U.S. (Stadler), and Hitachi Rail Los Angeles LLC (Hitachi). Although LVFs were not provided by Metro as part of the RFP, each of the proposers provided a narrative description of their USEP plan and set forth their USEP commitments. Regardless of the format, all proposer's proposals were reviewed and evaluated fairly and uniformly without preference or favoritism and were scored using the formula that had been communicated to the proposers in the RFP.

In January, 2024, after resolving an unsuccessful bid protest by Stadler (unrelated to the USEP/MCP), Metro staff recommended award of the HR5000 Contract to Hyundai Rotem. Based on staff's erroneous but good faith belief, the Board was informed that the "procurement complies with Metro's Manufacturing Careers Policy." Similar statements concerning compliance with the MCP were repeated to the Executive Management Committee of the Board during a follow-up presentation by staff on February 15, 2024.

On January 25, 2024, the Board awarded the HR5000 Contract to Hyundai Rotem. The initial HR5000 Contract was finalized on February 16, 2024, but did not contain all requirements contemplated by the MCP.

The A650 Contract

On December 1, 2022, at the same board meeting that the Board adopted the MCP, and approved the solicitation for the HR5000 Contract, the Board also authorized the solicitation for the A650 Contract. On December 9, 2022, Metro issued the A650 RFP. As with the HR5000 RFP, the A650 RFP inadvertently left out a number of elements included in the MCP, similar to those omitted in the HR5000 RFP.

Only one bidder, Woojin, responded to Metro's A650 RFP, submitting its final proposal on November 21, 2023. Woojin's USEP proposal was reviewed and evaluated fairly and scored using the formula that had been communicated to prospective proposers in the RFP. Metro staff recommended to award the A650 Contract to Woojin, mistakenly advising the Board that "the Procurement complies with . . . Metro's Manufacturing Careers Policy." On February 22, 2024, the Board voted to award the A650 Contract to Woojin. The initial A650 Contract was executed on May 27, 2024, but did not contain all requirements contemplated by the MCP.

DISCUSSION

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Metro has modified the HR5000 and A650 Contracts to comply with the MCP and has taken steps to ensure that future procurements comply with the MCP.

After Metro staff realized the HR5000 Contract did not reflect all of the requirements of the MCP, Metro staff prepared modifications to the contract. Contract Modification 1, executed on June 27, 2024, modified the USEP sections of the HR5000 Contract to better align with the USEP provisions in the MCP and attached Metro's newly-developed MCP LVFs for the contractor to fill out.

Metro also provided several sessions of MCP compliance training to Hyundai Rotem and its subcontractors, which sessions addressed, among other things, responsibilities under the MCP and instructions for completing the LVFs. The completed LVFs and a more detailed USEP Narrative description were then incorporated into the HR5000 Contract through Modification 3, executed on November 20, 2024, which also attached a complete copy of the MCP. Note: Recently, Hyundai Rotem informed Metro that it planned to increase its own USEP commitments to make up for two of its subcontractors that will be withdrawing from participation and has submitted a new draft LVF for Metro's review. While staff is still reviewing the requested changes, it is not uncommon for contractors to have changes to subcontractor participation during the course of a long engagement. Any such changes must be approved by Metro, and Metro is holding Hyundai Rotem to its total MCP commitments.

The modifications to the HR5000 Contract to align it with the MCP do not constitute a change to a proposal or a fundamental change that requires that the contract be re-bid. Metro has contractual rights to make changes and modifications to its contracts. The RFP required a USEP and this was reflected in the initially executed HR5000 Contract. Modifying the HR5000 Contract to add additional details related to the USEP is not a "cardinal" change but a modification to elements within the original scope of the Contract.

The modified HR5000 Contract is now in compliance with all material aspects of the MCP and is critical to Metro's ability to address several important and time-sensitive goals, objectives, and public interests. Under the HR5000 Contract, Hyundai Rotem is obligated to deliver 42 new HRVs by April 2028. The HR5000 Contract HRVs and delivery schedule are critical to serve Los Angeles' service needs for the rapidly approaching 2028 Olympic games and will help Metro achieve its committed level of expanded service under its federal grant agreements. Based upon input from industry consultants, a re-bid of the Contract would jeopardize timely delivery of the rail cars, as there is likely no other proposer who could deliver the HRV's before the Olympics.

With respect to the A650 Contract, similar considerations warrant ratification.

Considerations

Metro staff believes it is appropriate for the Board to ratify the procurement and award of the HR5000 Contract and A650 Contract, as well as each of the contracts as modified. Such action is within the discretion of the Metro Board. The MCP is a policy of the Metro Board; it is not required by statute, charter, or ordinance. Metro's Board has discretion to adopt, amend, or allow deviations from the policy.

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Ratification of the contract by the Metro Board with respect to any departures from the MCP in the procurement would confirm that Metro's Board wants to proceed with the HR5000 Contract and the A650 Contract as procured and as executed and modified. This helps ensure against the need to rebid and reinforces the Board's right to administer its policy consistent with its determination of what is in the best interest of Metro and the transportation needs of the public.

Staff requests that the Board ratify the acceptance of the proposals and HR5000 Contract as modified, notwithstanding any deviations from the MCP in the RFP and initial contract language, based on the foregoing discussion and the facts that: (1) the HR5000 Contract was procured and scored consistent with the terms of the RFP and the absence of any favoritism or unfair advantage for a particular proposer; (2) the HR5000 Contract has been brought into compliance with the MCP; (3) the HR5000 Contract is crucial to Metro's ability to satisfy service level commitments under various federal grant agreements and meet transportation needs for, among other things, the 2028 Olympics; and (4) re-bidding the HR5000 Contract at this point would be counterproductive to Metro and the goals of the MCP.

For similar reasons, staff requests that the Board take the same action with respect to the procurement of the A650 Contract and ratify the A650 Contract as modified.

DETERMINATION OF SAFETY IMPACT

The ratification of the procurement and award of the HR5000 Contract and the A650 Contract, and the modified contracts themselves will have a direct and positive impact on system safety, service quality, system reliability and overall customer satisfaction. The procurement of 182 new HR5000 HRVs will feature the most current safety systems and augment service levels, and the A650 HRV refurbishment will permit Metro to maintain the A650 fleet in a state of good repair.

FINANCIAL IMPACT

Based upon the Board's prior approvals of the budgets for the HR5000 Contract at time of award, the total approved Life of Project (LOP) budget has been established for the HR5000 new HRV project 206047 at \$777,588,003 and includes the Hyundai Rotem contract value. Based upon the Board's prior approvals of the budget for the A650 Contract at time of award, the total approved Life of Project (LOP) budget has been established for the A650 refurbishment project at \$264,662,611 and includes the Woojin contract value.

EQUITY PLATFORM

The HR5000 HRV and A650 fleets will be used on the B Line, D Line, and upcoming D (Purple) Line Extension. Ratifying as requested herein will improve the service reliability and ride comfort on these lines that serve a majority of Equity Focus Communities who rely on public transportation for their daily trips. Based on the 2019 Customer Survey, the B and D heavy rail lines serve the following ridership:

- 27.7% below the poverty line
- 56.4% had no car available

Rider Ethnicity:

- Latino 38.9%;
- Black 13.1%;
- White 25.8%;
- Asian/Pacific Islander 15.2%;
- Other 6.5%

In addition, these areas include Union Station to Downtown LA, Koreatown (Wilshire/Western), Hollywood, Universal City, and North Hollywood.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

The HR5000 and A650 Contracts awarded to Hyundai Rotem and Woojin, respectively, support Metro's systemwide strategy to reduce VMT through rail vehicle acquisition and refurbishment activities that will expand, improve, and further encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and the HR5000 and A650 Contracts align with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These recommendations support Metro Strategic Plan Goal No. 5 to "provide responsive, accountable, and trustworthy governance within the Metro organization." This goal strives to position Metro to deliver the best possible mobility outcomes and improve business practices so that Metro can perform more effectively and adapt more nimbly to the changing needs of our customers.

ALTERNATIVES CONSIDERED

The Board can choose not to ratify the procurement and award of the HR5000 and A650 Contracts as modified and not to adopt the attached resolutions. This alternative is not recommended because these contracts are time sensitive and are crucial to Metro's ability to satisfy service level commitments under various federal grant agreements and meet transportation needs for, among other things, the 2028 Games. Re-bidding these contracts at this point would be counterproductive to Metro and the goals of the MCP, and both contracts have been brought into compliance with the MCP.

Moreover, re-bidding the HR5000 Contract would be unlikely to result in increased competition or better benefits because other proposers are unlikely to participate because of the short time for delivery, an unwillingness to expose themselves to liquidated damages for a schedule they could not meet, and the view that Hyundai Rotem would have the inside track to secure the contract given its substantial work to date. Additionally, re-bidding could result in an increased contract price compared to what Metro has locked in with Hyundai Rotem and is not guaranteed to result in higher wages or better employee benefits.

Other considerations support ratifying the modified HR5000 Contract. Metro has paid Hyundai Rotem over \$85 million and is presently evaluating the next payment request, which will bring total payments to over \$100 million. If the Contract were rebid, employees of Hyundai Rotem and its subcontractors could lose their jobs, which would frustrate the goals of the MCP. Further, re-bidding of the contract could create issues with federal grants supporting the HR5000 Contract. As with HR5000, Metro has already made significant payments to Woojin, totaling over \$31.5 million.

NEXT STEPS

Upon Board approval of the requested recommendation, staff will continue to monitor the contracted services and enforce each contractor's compliance with the MCP. For example, Metro has undertaken numerous steps to ensure Hyundai Rotem's compliance with its USEP commitments under the MCP, including processing 25 certified payroll reports, processing two quarterly reports, and completing two desk audits. These and similar efforts will continue over the course of the HR5000 Contract and the A650 Contract.

For future procurements, VCM will provide notice to DEOD of all procurements of Rail Cars over \$50 million so advance planning can be done. VCM and DEOD plan to use contract language that parallels the modified HR5000 Contract so contract provisions in applicable RFP's correspond to MCP requirements. Labor Value Forms developed for the HR5000 Contract will be used as a model for the future and with forms included with covered procurement documents.

ATTACHMENTS

- Attachment A Ratification Resolution for HR5000 Contract
- Attachment B Ratification Resolution for A650 Contract
- Attachment C Manufacturing Careers Policy

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HR5000 CONTRACT RESOLUTION

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY RATIFYING THE HR5000 CONTRACT, CONTRACT MODIFICATIONS, AND THE PROCUREMENT AND AWARD OF THE HR5000 CONTRACT

WHEREAS, Contract No. OP239906000HR5000 (HR5000 Contract) is a time-sensitive contract entered by Los Angeles County Metropolitan Transportation Authority (Metro) to procure new Heavy Rail Vehicles (HRVs) critical to Metro's ability to, among other things, accommodate transportation needs for the 2028 Olympics and satisfy the service level requirements of federal funding grant agreements;

WHEREAS, on December 1, 2022, the Board approved a new policy titled and referred to as the Manufacturing Careers Policy (MCP) and also approved a solicitation for the HR5000 Contract Request for Proposals (RFP) to secure at least 182 new HRVs;

WHEREAS, Metro staff issued the RFP for the HR5000 on December 5, 2022 and it was subsequently amended;

WHEREAS, on January 25, 2024, the Board approved an award of the HR5000 Contract to Hyundai Rotem USA Corporation (Hyundai Rotem) understanding that the procurement complied with the MCP;

WHEREAS, although proposals in response to the HR5000 RFP were scored uniformly, fairly and without favoritism and in accordance with the criteria specified in the RFP, it was later determined that the HR5000 RFP, including amendments thereto, did not fully incorporate all requirements of the MCP;

WHEREAS, it was also determined that the HR5000 Contract, as initially executed, did not fully incorporate all requirements of the MCP;

WHEREAS, to implement and incorporate all requirements of the MCP into the HR5000 Contract, Metro and Hyundai Rotem modified the HR5000 Contract on June 27, 2024 (Modification 1) and November 20, 2024 (Modification 3);

WHEREAS, the modified HR5000 Contract is now in compliance with all material aspects of the MCP and Metro staff is monitoring compliance with the MCP;

WHEREAS, for the reasons set forth in the "Ratification of the HR5000 Heavy Rail Vehicle (HRV) Contract and the A650 HRV Refurbishment Contract" dated May 22, 2025 (Board Report), Metro acknowledges that a re-bid of the HR5000 Contract is contrary to Metro's interests and mission and would, in fact, substantially prejudice Metro by jeopardizing Metro's ability to, among other things, meet transportation needs for the Summer Olympics to be held in Los Angeles in 2028;

WHEREAS, for the reasons set forth herein and in the Board Report and in light of the fact that the HR5000 Contract now complies with the MCP, the Board believes that ratification of the HR5000 Contract, Modification 1 and Modification 3, and the procurement of the contract is in Metro's best interest and advances the goals of the MCP;

WHEREAS, the failure of the RFP to mirror the requirements of the MCP did not provide a competitive advantage to any bidder;

WHEREAS, for the reasons set forth in the Board Report, the Board confirms and satisfies itself that modifications to the HR5000 Contract to bring that contract into compliance with the MCP are not a fundamental change to the HR5000 Contract and do not result in any unfairness in the contract procurement, award, or otherwise;

WHEREAS, it would be unlikely that a re-bid of the HR5000 Contract would allow for HRVs to be delivered within the time frame required by Metro, no bidders other than the current contractor would likely respond to a re-bid, there is no assurance that the MCP commitments would be increased (and might actually be reduced) in the event of a re-bid, and the more than \$85 million already paid to the contractor by Metro might be squandered for no obvious benefit;

WHEREAS, for the reasons set forth in the Board Report, the Board exercises its authority to ratify in the HR5000 Contract procurement, award, the executed contract and modifications to the contract.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Ratification. The HR5000 Contract procurement, award, the executed contract and Modification 1 and Modification 3 are ratified by the Board.

Section 2. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 3. Effective Date. This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Clerk of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on May 22, 2025.

> COLLETTE LANGSTON Board Clerk, Los Angeles County Metropolitan Transportation Authority

A650 CONTRACT RESOLUTION

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY RATIFYING THE A650 CONTRACT, CONTRACT MODIFICATIONS, AND THE PROCUREMENT AND AWARD OF THE A650 CONTRACT

WHEREAS, Contract No. OP245126000A650HRV (A650 Contract) is a time-sensitive contract entered by Los Angeles County Metropolitan Transportation Authority (Metro) to refurbish Metro's aging A650 Heavy Rail Vehicles (HRVs) critical to Metro's ability to, among other things, accommodate transportation needs for the 2028 Olympics and satisfy the service level requirements;

WHEREAS, on December 1, 2022, the Board approved a new policy titled and referred to as the Manufacturing Careers Policy (MCP) and also approved a solicitation for the A650 Contract Request for Proposals (RFP) to refurbish existing A650 HRVs;

WHEREAS, Metro staff issued the RFP for the A650 procurement on December 9, 2022 and it was subsequently amended;

WHEREAS, on February 22, 2024, the Board approved an award of the A650 Contract to Woojin IS America (Woojin), the sole proposer, understanding that the procurement complied with the MCP;

WHEREAS, although the sole proposal submitted in response to the A650 RFP was reviewed and scored fairly and without favoritism and in accordance with the criteria specified in the RFP, it was later determined that the A650 RFP, including amendments thereto, did not fully incorporate all requirements of the MCP;

WHEREAS, it was also determined that the A650 Contract, as initially executed, did not fully incorporate all requirements of the MCP;

WHEREAS, to implement and incorporate all requirements of the MCP into the A650 Contract, Metro and Woojin modified the A650 Contract on January 16, 2025 (Modification 3);

WHEREAS, the modified A650 Contract is now in compliance with all material aspects of the MCP and Metro staff is monitoring compliance with the MCP;

WHEREAS, for the reasons set forth in the Board Report titled "Ratification of the HR5000 Heavy Rail Vehicle (HRV) Contract and the A650 HRV Refurbishment Contract" dated May 22, 2025 (Board Report), Metro acknowledges that a re-bid of the A650 Contract is contrary to Metro's interests and mission and would, in fact, substantially prejudice Metro by jeopardizing Metro's ability to, among other things, meet transportation needs for the Summer Olympics to be held in Los Angeles in 2028;

WHEREAS, for the reasons set forth herein and in the Board Report and in light of the fact that the A650 Contract now complies with the MCP, the Board believes that ratification of the A650 Contract, and Modification 3, and the procurement of the contract is in Metro's best interest and advances the goals of the MCP;

WHEREAS, the failure of the RFP to mirror the requirements of the MCP did not provide a competitive advantage to any proposer;

WHEREAS, for the reasons set forth in the Board Report, the Board confirms and satisfies itself that modifications to the A650 Contract to bring that contract into compliance with the MCP are not a fundamental change to the A650 Contract and do not result in any unfairness in the contract procurement, award, or otherwise;

WHEREAS, it would be unlikely that a re-bid of the A650 Contract would allow for refurbished HRVs to be delivered within the time frame required by Metro, no bidders other than the current contractor would likely respond to a re-bid, there is no assurance that the MCP commitments would be increased (and might actually be reduced) in the event of a re-bid, and the more than \$31.5 million already paid to the contractor by Metro might be squandered for no obvious benefit;

WHEREAS, for the reasons set forth in the Board Report, the Board exercises its authority to ratify in the A650 Contract procurement, award, the executed contract and modifications to the contract.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Ratification. The A650 Contract procurement, award, the executed contract and Modification 3 are ratified by the Board.

Section 2. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 3. Effective Date. This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Clerk of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on May 22, 2025.

> COLLETTE LANGSTON Board Clerk, Los Angeles County Metropolitan Transportation Authority

MANUFACTURING CAREERS POLICY

(Combining Policy for US Employment Program and Local Employment Program)

POLICY STATEMENT

This Manufacturing Careers Policy (MCP) describes the Los Angeles County Metropolitan Transportation Authority's jobs, equity, and training programs in its procurements for Rolling Stock.

The Los Angeles County Metropolitan Transportation Authority ("Metro") Board of Directors' policy objective is to maximize the economic co-benefits from investments in transit equipment, infrastructure, and related services. Metro can leverage its investments in transit projects to support the creation of new, high-quality jobs. Recognizing the growth in Metro's transit operations, capital infrastructure program, and associated procurement for manufactured transit equipment, Metro's objectives are to maximize:

- Quality job creation and career development for low-income residents and those facing barriers to employment.
- Equity outcomes and economic resiliency in disadvantaged communities; and
- Investments in new or existing manufacturing/assembly facilities in the United States and Los Angeles County.

Metro can achieve these critical objectives by incorporating a US Employment Plan (USEP) (for projects using federal funds) or Local Employment Plan (LEP) (for projects using local funds) into Metro's source selection process for awarding new contracts for Rolling Stock.

Under Metro's MCP, proposers' commitments to create and retain quality jobs, to invest in design, manufacturing, commissioning and maintenance facilities in the U.S. and Los Angeles County, to implement robust workforce training programs, and to promote career development for low-income residents and those facing barriers to employment will be factored into Request for Proposal ("RFP") scoring, including on Best Value RFPs, and will become contractual requirements for the selected vendor.

Metro will apply the USEP or LEP (depending on the funding source) to all Metro Rolling Stock Requests for Proposals ("RFPs") and contracts with an Independent Cost Estimate of at least \$50 million and above with the potential of an MCP waiver for pilot technology procurements to be approved at Metro's discretion by Metro's Chief of Strategic Financial Management.

PURPOSE

To combine the USEP and LEP under the MCP, under which prospective Contractors propose minimum commitments on job quality, training, and employment opportunities on covered Metro Rolling Stock procurements.

APPLICATION

This Policy applies to Metro Rolling Stock RFPs and Contracts with an Independent Cost Estimate of at least \$50 million and above with the potential of an MCP waiver for Pilot Technology Procurements to be approved at Metro's discretion by Metro's Chief of Strategic Financial Management.

1.0 GENERAL

1.1 The Diversity and Economic Opportunity (DEOD) and Rolling Stock Units of the Vendor Contract Management ("VCM") Department shall jointly administer this Policy, in coordination with all relevant and responsible departments as assigned under the MCP.

1.2 The following sections describe Metro's procedures for application of the USEP or LEP Policy to competitively negotiated Rolling Stock procurements subject to the MCP. These procedures shall be interpreted and implemented in a manner that is consistent with Metro's Acquisition Procedures for Competitively Negotiated Contracts.

2.0 COVERAGE OF PROJECTS

2.1 Except as provided otherwise herein, this Policy applies to all Rolling Stock RFPs and Contracts with an Independent Cost Estimate of at least \$50 million and above with the potential of an MCP waiver for Pilot Technology Procurements to be approved at Metro's discretion by Metro's Chief of Strategic Financial Management. Such RFPs and Contracts are described in this Policy as "Covered Contracts." Any Rolling Stock RFP containing an MCP waiver for Pilot Technology Procurement shall state prominently that the RFP is exempt from the MCP pursuant to such waiver.

2.2 This Policy's USEP requirements shall apply when a Covered Contract is funded in whole or in part from federal sources. The USEP may not include evaluation criteria that establish geographical preferences in the location of a contract awardee's operations or in the location of the jobs created, absent any new guidance from federal agencies permitting such geographical preferences.

2.3 This Policy's LEP requirements shall apply when a Covered Contract is funded solely from non-federal sources. The RFP and source selection process for a Covered Contract subject to an LEP shall include geographical preferences for New Hires and Retained Workers.

2.4 **RFP** Development

2.4.1 The Contracting Officer shall apply either the USEP or LEP on each Covered Contract, depending on funding source. Covered Contract

procurements shall be performed in accordance with Metro's Acquisition Procedures for Best Value Selection Process. The Contracting Officer shall develop evaluation factors and sub-factors that identify and promote Metro's Rolling Stock product preferences and the goals of this Policy by establishing the relative weight of evaluation factors, including the weight of the evaluation factors for USEP or LEP commitments. The relative evaluation factor weighting for USEP or LEP commitments shall be set in proportion to other technical and price factors, in coordination with the Project Manager, and as described in Section 2.4.2.

2.4.2 The relative weighting of all RFP factors, including the USEP and LEP commitments shall be documented in the source selection plan created by the Contracting Officer. The weight of the USEP or LEP evaluation factor shall represent 5% of the overall possible points in a Best Value RFP.

2.4.2.1 The USEP or LEP evaluation factor shall be among the totality of factors that equal 100% of the available scoring on the RFP and shall not be applied as voluntary bonus points.

2.4.2.2 The Contracting Officer will score the Proposer's USEP or LEP, and assign points based on the USEP or LEP evaluation factor weighting, based on the Total Dollar Commitment in the USEP or LEP, the quality of the USEP or LEP commitments (including but not limited to the total number of FTEs, the Fringe Benefit Amounts for each classification, the Minimum Hourly Wage Rate for each classification, the commitment to hire Disadvantaged Workers, and the Workforce Training commitment), and responsiveness to the USEP or LEP requirement.

2.4.3 Covered Contract RFP specifications will include the requirement of a USEP or LEP. Covered Contract RFPs shall require, in addition to other applicable RFP requirements, that Proposers include each of the following in a responsive Proposal (the "RFP Proposer Submittal Requirements"):

2.4.3.1 For Covered Contracts requiring a USEP, the Proposer shall include, for itself and for any Subcontractor participating in the USEP: (1) the Total Dollar Commitment, (2) number of projected Full Time Equivalent ("FTE") New Hires and number of projected FTE Retained Workers in the United States claimed for purposes of the USEP, including the location and classifications of the New Hires and Retained Workers; (3) the number of Direct Hours proposed for each job classification that will be filled by New Hires and Retained Workers under the Covered Contract; (3) the job classifications to be utilized for USEP commitments under the Covered Contract; (4) the job location of each New Hire and Retained Worker to be utilized for USEP commitments; (5) the proposed Minimum Hourly Wage Rate to be paid for each job classification utilized for USEP commitments; (6) the proposed minimum Fringe Benefits Amount, if any, for each job classification utilized for USEP

commitments, including a description of each type or category of Benefit to be provided, a description of the methodology used to calculate the minimum Fringe Benefits Amount for each category of Benefits, eligibility criteria for each category of Benefit, any projected co-premium or other employee-paid cost for each category of Benefit, and projected utilization rates by New Hires and Retained Workers; (7) the minimum hourly Overtime Pay Rate to be paid for each job classification utilized for USEP commitments.

2.4.3.2 For Covered Contracts requiring an LEP, in addition to the categories of information required under Section 2.4.3.1, the Proposer shall include, for itself and for any Subcontractor participating in the LEP, the location in Los Angeles County of each proposed FTE New Hire and Retained Worker.

2.4.3.3 For all Covered Contracts, the Proposer shall provide the race

and gender of Proposer's existing employees (if any exist) as selfidentified by the employees in job classifications that will be utilized under the Covered Contract for meeting USEP or LEP commitments. Such information shall not include the names or identifying information of individual employees.

2.4.3.4 For all Covered Contracts, the Proposer and each Subcontractor participating in the USEP or LEP will commit to hire Disadvantaged Workers for a minimum of 10% of the total FTE New Hires and Retained Workers to which the Proposer commits under the USEP or LEP.

2.4.3.5 For all Covered Contracts, the Proposer and each Subcontractor participating in the USEP or LEP shall provide a certification, executed by a corporate officer of the Proposer or Subcontractor under penalty of perjury, affirming that the Proposer or Subcontractor has a Cost Accounting System capable of segregating Direct Hours performed on the Covered Contract from non-Covered Contract hours.

2.4.3.6 For all Covered Contracts, the Proposer shall identify each Subcontractor participating in the USEP or LEP and describe any plan to encourage additional Subcontractors to participate in the USEP or LEP. The RFP shall make clear that Proposers may receive credit toward an USEP or LEP commitment for Subcontractor New Hires and Retained Workers located in the United States (for purposes of a USEP) or Los Angeles County (for purposes of an LEP).

2.4.3.7 For all Covered Contracts, Proposers shall provide a narrative

description of the opportunities in skilled and unskilled positions for New Hires and Retained Workers under the Covered Contract, the minimum qualifications necessary for each classification of New Hire and Retained Worker under the Covered Contract, and a description of whether the USEP or LEP is likely to produce long-term employment in skilled or trade labor for Disadvantaged Workers. Proposers shall include a description of promotion opportunities for New Hires and Retained Workers in entry level and/or semiskilled positions and a description of expected or proposed career ladders for New Hires and Retained Workers.

2.4.3.8 For all Covered Contracts, Proposers shall provide the Total

Dollar Commitment for the Covered Contract, the minimum Hourly Wage Rate for each classification, and the minimum Fringe Benefit Amounts for each classification. The RFP shall make clear that payment of at least the minimum Hourly Wage Rate and the minimum Fringe Benefit Amount shall be independent obligations of the Proposer under the Covered Contract.

2.4.3.9 For all Covered Contracts, Proposers and participating Subcontractors shall provide a description of the Workforce Training that will take place under the Covered Contract, including the minimum dollar commitment to be made for Workforce Training in the United States (in the case of a USEP) and in Los Angeles County (in the case of an LEP), including the ways in which Workforce Training provided under the Covered Contract will create transferable, industry-recognized credentials and skills and any proposal to take advantage of publicly or privately funded workforce development programs or registered apprenticeship programs

2.4.3.10 For all Covered Contracts, Proposers and participating Subcontractors shall describe with specificity their proposed outreach, recruitment and retention plan for New Hires and Retained Workers, including proposed strategies for recruiting, training, hiring, and retention of Disadvantaged Workers, any proposed coordination or partnerships with workforce development organizations, community-based organizations, labor organizations, worker centers, faith-based organizations, or other service providers, and any proposed support to ensure the retention of Disadvantaged Workers such as case management services, childcare support, transportation assistance, food insecurity support, access to dental or medical care, or access to mental health resources.

2.4.3.11 For all Covered Contracts, Proposers will provide a USEP (or LEP) project schedule that describes the phasing of Direct Hours by New Hires and Retained Workers. This phasing schedule must coincide with the overall project schedule.

2.4.3.12 For all Covered Contracts, Proposers and participating Subcontractors shall acknowledge that they will be required to submit to Metro and maintain Certified Payroll Records, in a manner requested by Metro, certifying under penalty of perjury the Direct Hours, Wages, and Benefits paid to New Hires and Retained Workers under the Covered Contract.

2.4.3.13 For all Covered Contracts, Proposers and participating Subcontractors shall describe their proposed means of documenting compliance with the USEP or LEP, including the name, contact information, and credentials of the designated official responsible for overall compliance with the USEP or LEP (the "Plan Administrator"), the name, contact information, and credentials of each participating Subcontractor's primary official responsible for compliance with the USEP or LEP, and a description of the proposed mechanisms for maintaining and submitting accurate information to Metro and for documenting timely compliance with USEP or LEP commitments.

2.4.4 The RFP shall make clear that only Direct Hours of New Hires and Retained Workers, segregated under a Cost Accounting System, may be counted toward USEP or LEP commitments.

2.4.5 Proposers shall provide responses to each of the RFP requirements set forth in Section 2.4.3 using common forms designated by the Contracting Officer, which shall include a Labor Value Form containing the proposals required in Sections 2.4.3.1 or 2.4.3.2, 2.4.3.8, and 2.4.3.11, and a Narrative Form describing USEP or LEP commitments for the other requirements.

2.4.6 The Contracting Officer shall perform a Proposer Responsiveness and Responsibility determination of all Proposers in accordance with Metro's Acquisition Procedures for a Best Value Selection Process. The Contracting Officer will use the RFP Proposer Submittal Requirements contained in subsections 2.4.3.1 to 2.4.3.13 to establish a checklist of proposal elements that will aid in determining a Proposer's Responsiveness to the USEP or LEP requirements.

2.4.7 The Contracting Officer's Responsiveness determination will ensure that the Proposer has fully responded to each of the RFP Proposal Submittal Requirements.

2.5 Contract Provisions

2.5.1 The Contracting Officer shall develop all terms and conditions for Covered Contracts in accordance with Acquisition Procedures for Negotiated Procurements. In addition to General and Special Conditions developed specifically for Rolling Stock projects, the Contracting Officer shall develop and include Special Conditions in the final executed Covered Contract reflecting the Contractor's and any Subcontractors' USEP or LEP commitments, including each of the Special Conditions set forth in this Section 2.5:

2.5.2 A contractual provision requiring achievement of each commitment set forth

in the USEP or LEP, including but not limited to the Total Dollar Commitment, the payment of minimum Hourly Wage Rates and Fringe Benefit Amounts, the commitment on Workforce Training, and the commitment on hiring Disadvantaged Workers.

2.5.3 A contractual provision defining Direct Hours, New Hires, Retained Workers, Hourly Wage Rate, Fringe Benefit Rate, Benefits, Total Dollar Commitment, Workforce Training, Disadvantaged Workers, and all other relevant terms in a manner consistent with this Policy.

2.5.4 A contractual provision committing the Contractor and each Subcontractor to maintain a Cost Accounting System capable of segregating Direct Hours on an individual basis for each New Hire and Retained Worker.

2.5.5 A contractual provision requiring the Contractor and each participating Subcontractor to maintain and submit Certified Payroll Records in a manner consistent with Section 2.6 of this Policy.

2.5.6 A contractual provision requiring the Contractor and each participating Subcontractor to submit compliance reports (the "Quarterly Reports") on a quarterly basis containing the total Direct Hours, the actual hourly wage rate, the Fringe Benefit Amounts, and the total wages (including overtime wages) for each New Hire and Retained Worker during the reporting period, and describing expenditures on Workforce Training and hiring of Disadvantaged Workers during the reporting period.

2.5.7 A contractual provision prohibiting a Contractor or participating Subcontractor from retaliating against an employee who uses the complaint procedure established under Section 2.6.2.

2.5.8 A contractual provision permitting Metro to exercise all of the rights and remedies under Contract for USEP/LEP non-compliance, including but not limited to the withholding of Milestone Payments and other periodic payments in the event of a Material Violation of the USEP or LEP and the retention of such withheld Milestone Payments or other periodic payments unless and until the Material Violation is corrected, as described in Section 2.6.

2.6 Compliance, Reporting, and Enforcement

2.6.1 Prior to start of work on the Covered Contract, the Contractor shall provide to the responsible person at DEOD the name, contact information, and credentials of a Jobs Coordinator responsible for coordinating compliance with Disadvantaged Worker outreach, recruitment, and retention. The Jobs Coordinator may be the same person as the Plan Administrator. The Jobs Coordinator shall be responsible for the following: (1) developing and marketing specific programs to attract Disadvantaged Workers for Final Assembly and Manufacturing opportunities on the Project; (2) coordinating services for the Contractor and participating Subcontractors to use in the recruitment of Disadvantaged Workers; (3) conducting

orientations, job fairs and community outreach meetings in the local community; (4) screening and certifying the status of individuals as Disadvantaged Workers, while protecting such individuals' privacy; (5) establishing a referral and retention tracking mechanism for placed Disadvantaged Workers; (6) networking with the various workforce development organizations, community-based organizations, labor organizations, worker centers, faith-based organizations, and/or other service providers that provide qualified Disadvantaged Workers; (7) serving as the point of contact to provide information to Disadvantaged Workers about available job opportunities under the Covered Contract; and (8) assisting the Contractor and participating Subcontractors in documenting attainment of Disadvantaged Worker hiring commitments.

2.6.2 DEOD will create and implement an employee complaint program, allowing Contractor and Subcontractor employees to file confidential complaints with DEOD about alleged non-compliance with the MCP, or with a commitment under a USEP or LEP. DEOD shall investigate each such complaint. Such employee complaint program shall include a telephone and e-hotline that employees may utilize.

2.6.3 DEOD shall create and implement an education program designed to inform Contractor and Subcontractor employees about the MCP and the USEP or LEP provisions of the Covered Contract, as well as the complaint procedures implemented under Section 2.6.2, as described in full in the MCP Procedures document.

2.6.4 DEOD shall conduct periodic random inspections of Contractor and participating Subcontractor facilities to assess compliance with USEP and LEP commitments.

2.6.5 If requested by DEOD or the Contract Administrator, Metro's Management Audit Services Department ("MASD") shall perform an Agreed Upon Procedures ("AUP") review of Contractor and participating Subcontractor USEP or LEP compliance. Such AUPs shall occur: (a) on a regular basis, including upon the Contractor reporting the achievement of 50% of the Total Dollar Commitment and upon the Contractor reporting the achievement of the Total Dollar Commitment; and (b) as needed to assess compliance with USEP or LEP commitments including, but not limited to, payment of minimum Hourly Wage Rates and minimum Fringe Benefit Amounts, progress toward the Total Dollar Commitment, and attainment of Disadvantaged Worker hiring commitments. Such MASD AUPs shall not substitute for the other compliance procedures described in this Policy.

2.6.6 In the event that DEOD or the Contracting Officer determines that a Contractor or participating Subcontractor has not complied with a USEP or LEP commitment, Metro will notify the Contractor in writing and provide the Contractor with 30 days to provide evidence that it or the participating Subcontractor has corrected such non-compliance. If such non-compliance constitutes a Material Violation and is not corrected to Metro's satisfaction within such a 30-day period (or longer as Metro may in its discretion allow), Metro may

exercise all remedies available under the Covered Contract, including withholding of Milestone Payments or other progress payments, as set forth in Section 2.6.7.

2.6.7 Metro shall have the contractual right to retain Milestone Payments or other regular payments if it determines a Contractor or participating Subcontractor has committed a Material Violation of the USEP or LEP. In event that a Material Violation is not corrected within the 30-day period described Section 2.6.6 is not corrected, Metro shall withhold an amount from the next Milestone Payment or other regular payment in an amount commensurate with the Material Violation. If the Contractor or participating Subcontractor fails to provide evidence to Metro's satisfaction that it has cured the Material Violation within 60 days following the Contractor's or participating Subcontractor's notification of the Material Violation, Metro may elect to permanently retain the withheld funds. All permanently retained monies representing underpayment of minimum Hourly Wage Rates or minimum Fringe Benefits Amounts shall be remitted to the employees so underpaid.

2.6.8 Metro shall include a contractual provision in each Covered Contract giving it the right to exercise all of its rights and remedies under the Contract in the event of a Material Violation. Metro's rights and remedies shall include, but not be limited to the following:

2.6.8.1 In the event of a Material Violation involving the failure to meet the Total Dollar Commitment in the USEP or LEP, Metro shall withhold an amount equal to the difference between the Total Dollar Commitment and the documented total wages and benefits for Direct Hours multiplied by the documented number of Direct Hours.

2.6.8.2 In the event of a Material Violation involving the failure to pay minimum Hourly Wage Rates or minimum Fringe Benefit Amounts, wage restitution shall be in the amount of such underpayments and shall be remitted to the Contractor's or participating Subcontractor's employees so underpaid.

2.6.8.3 Metro reserves the right, subject to further direction by the Department of Transportation, to assess liquidated damages due to a Material Violation of the Contract.

2.7 Certified Payroll Reports

2.7.1 Each Contractor and each participating Subcontractor shall submit to DEOD, and maintain for the duration of the Covered Contract and for a period of three years following the conclusion of the Covered Contract, Certified Payroll Reports for each bi-weekly pay period. Such Certified Payroll Reports shall comply with the following requirements, and such other requirements as Metro may include in the Covered Contract.

2.7.2 Each Certified Payroll Report shall list the name, address, and social security

number of each New Hire and each Retained Worker who performed Direct Hours on the Covered Contract during the bi-weekly pay period.

2.7.3 Each Certified Payroll Report shall list the Direct Hours, actual wage rate, total Fringe Benefit Amounts paid by type of Benefit, and total wages for the pay period for each New Hire and each Retained Worker who performed Direct Hours on the Covered Contract during the bi-weekly pay period. In the event that the New Hire or Retained Worker performed both Direct Hours and non-Covered-Contract work during the pay period, the Certified Payroll Report shall list both the Direct Hours and the non-Covered-Contract hours, as well as the total wages attributable to Direct Hours and the total wages for all hours.

2.7.4. Certified Payroll Records shall be in a form, and subject to submission procedures, required by Metro.

3.0 **DEFINITION OF TERMS**

3.1 BENEFITS means health insurance or care, dental insurance or care, additional employee insurance such as disability or life insurance, pension and retirement contributions, and supplemental pay such as vacation and sick leave for employees performing work on the Covered Contract. Government required payments such as workers compensation, unemployment insurance, FICA, Medicare taxes and Social Security may not be counted as Benefits for purposes of the USEP or LEP.

- **3.2** CHRONICALLY UNEMPLOYED INDIVIDUAL means a person suffering from chronic unemployment who has not had a job for at least 27 consecutive weeks and is currently available for work.
- **3.3** CONTRACTOR means a party to an executed Covered Contract with Metro.
- **3.4** COST ACCOUNTING SYSTEM means an internal accounting system that allows Proposers and Contractors to segregate and account for Direct Hours on an individual-worker basis for each .

3.5 DIRECT HOURS means hours of work performed by a New Hire or Retained Worker on a Covered Contract that are segregable under a Cost Accounting System.

- **3.6** DISADVANTAGED WORKER means an individual who, at the time of hiring, satisfies at least one of the following eight categories: 1) homeless; 2) single custodial parent; 3) receiving public assistance; 4) lacking a GED or high school diploma; 5) criminal record or history with the criminal justice system; 6) chronically unemployed; 7) emancipated from foster care; or 8) veteran.
- 3.7 FRINGE BENEFITS AMOUNTS means the amounts paid by a Contractor or

participating Subcontractor for Benefits on the Covered Contract for a defined period of time (for example, an hourly rate, a monthly rate, or an annual rate). Contractors or participating Subcontractors that provide self-insured medical or dental benefits shall use the annual amounts calculated by the health care plan broker (or any derivative company) for different benefit levels ('Representative Premiums') for purposes of calculating employee copremiums. The Contractor or participating Subcontractor should then determine the plan type and level selected by each employee subject to the USEP/LEP. Each employee's Representative Premium should deduct any copremiums actually paid by the employee from that amount ('Adjusted Representative Premium'). If the employee declined medical or dental benefits, the Contractor shall only count the amount it paid in the form of a declination payment. The resulting Adjusted Representative Premium amounts for employees shall be included in any compliance report to LA Metro. In estimating Fringe Benefit Amounts for a USEP/LEP labor value form and in reporting on Fringe Benefit Amounts paid by a Contractor in a Ouarterly Report, a Contractor must deduct any amounts paid in co-premiums by employees from the amounts included. The Fringe Benefit Amounts shall be capable of being represented as an hourly rate using a methodology agreed upon by the Contractor and Metro.

- **3.8** FTE means full-time equivalent employee, which is the mathematical equivalent of one full-time employee based on 2080 hours worked per year. Two part time employees with a minimum of 20 hours per week may be recognized as one FTE.
- **3.9** HIRE means a natural person employed by a Contractor or participating Subcontractor to perform work on a Covered Contract who resides in the United States. The term "Hire" does not include: (a) a current employee who does not work on the Covered Contract; (b) a former, furloughed, and/or laid off employees who is separated from employment with a Contractor or Subcontractor on or after the date of Metro's Notice of Intent to Award unless they are rehired to work on the Covered Contract; (c) employees hired by a Contractor or Subcontractor to work on other projects to fill in or replace current employees reassigned to the Covered Contract; (d) an individual whose hours and costs cannot be segregated and audited pursuant to internal Cost Accounting Systems of the Contractor or Subcontractor; (e) work conducted outside of the United States. A Hire must: (i) be a direct, permanent employee; (ii) be paid directly by the Contractor or Subcontractor; (iii) have activities, schedule, and manner of work controlled by the Contractor or Subcontractor; (iv) receive pay and Benefits in the same manner as permanent employees; and (v) be supervised by a manager directly employed by the Contractor or Subcontractor.
- **3.10** HISTORY WITH THE CRIMINAL JUSTICE SYSTEM means direct involvement through having an arrest record, convictions, sentences, dismissals, or not guilty verdicts.

3.11 HOMELESS INDIVIDUAL

(A) means an individual who lacks a fixed, regular, and adequate

nighttime residence; and (B) includes—

(i) an individual who—(I) is sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; (II) is living in a motel, hotel, temporary RV or trailer park, or campground due to the lack of alternative adequate accommodations; (III) is living in an emergency or transitional shelter; or (IV) is abandoned in a hospital.

(ii) an individual who has a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings.

- **3.12** HOURLY WAGE RATE means the minimum Hourly Wage Rate to each New Hire and/or Retained Worker for the relevant job classification.
- **3.13** INDEPENDENT COST ESTIMATE is a tool to assist in determining the reasonableness or unreasonableness of a Proposal being evaluated and is required for all procurements receiving federal funding regardless of dollar amount. FTA Circular 4220.1F, Ch. VI, Para. 6, advises grantees to "perform a cost or price analysis in connection with every procurement action, including contract modifications . . . The starting point for these cost/price analyses is an independent cost estimate which is made before receiving bids or proposals." The Best Practices Procurement Manual (BPPM), Section 5.2 Cost and Price Analysis, suggests that the independent estimate can range from a simple budgetary estimate to a complex estimate based on inspection of the product itself and review of items like drawings, specifications and prior procurement data.
- **3.14** LOCAL EMPLOYMENT PLAN (LEP) means the program to include local/geographic based labor hiring preferences and economic-based labor hiring preferences on locally funded Rolling Stock procurements. The LEP must also contain the information and supporting documentation requested in the RFP.
- **3.15** MANUFACTURING OR MANUFACTURE means all activities relating to the engineering, design, and production of the component parts of the vehicles produced under the Covered Contract in the United States except for the Final Assembly of such vehicles.
- **3.16** MATERIAL VIOLATION means a material failure to comply with or satisfy a USEP or LEP commitment, including but not limited to the failure to submit any required report or requested documentation related to USEP or LEP compliance within 30 days after the due date specified in the Contract or as requested in writing by Metro; the underpayment of the minimum Hourly Wage Rate or minimum Fringe Benefit Amount; and the submission of substantially false or misleading information in required reports or requested documentation related to USEP or LEP compliance.

Minor irregularities, informalities or apparent clerical mistakes in any report or minor deficiencies in the compliance with USEP or LEP commitments shall not be considered a Material Violation.

- 3.17 MILESTONE PAYMENT means a mandated payment by Metro to the Contractor at a certain stage of performance of the Contract.
- 3.18 NEW HIRE means a Hire whose first day of employment will be on or after the date the Covered Contract begins.
- 3.19 NEW DISADVANTAGED WORKER means a New Hires who qualifies as a Disadvantaged Worker.
- 3.20 PILOT TECHNOLOGY PROCUREMENT means a small-scale preliminary procurement, with an Independent Cost Estimate of not more than \$60 million, conducted to evaluate new technology, feasibility, duration, cost, adverse events, and to improve upon vehicle or equipment design prior to performance of full-scale implementation.
- 3.21 PROJECT means performance of the Contract, including the engineering, design, production, delivery, assembly, acceptance, testing, maintenance, and warranty coverage requirements for the Contract Base Order and Option quantities.
- 3.22 PROPOSAL means a submission to Metroin response to an RFP, required in order to be eligible for award of a Contract. A Proposal includes a price Proposal, a Technical Proposal, and other elements.
- 3.23 PROPOSER means an entity that submits a Proposal and that would serve as the Contractor if awarded the Contract.
- 3.24 RETAINED WORKER means a natural person who was an employee of the Contractor or Subcontractor prior to the commencement of work on the Covered Contractor and whom the Contractor or Subcontractor retains to perform work on the Covered Contract. A Retained Worker must: (a) be a direct, permanent hire; (b) be paid directly by the Contractor or Subcontractor; (c) have activities, schedule, and manner of work controlled by the Contractor or Subcontractor; (d) receive pay and Benefits in the same manner as other permanent employees; and (e) be supervised by a manager directly employed by the Contractor or Subcontractor or Subcontractor (f) be on active payroll for 60 of the previous 100 days.
- 3.25 ROLLING STOCK means transportation equipment utilizing railways or paved roads, including automotive vehicles, buses, vans, cars, railcars, railroad cars, locomotives, trolley cars and buses, and ferry boats, as well as vehicles used for support services.

- **3.26** SINGLE CUSTODIAL PARENT means an individual who: (a) is unmarried, widowed, legally separated from a spouse and not remarried or married, spouse absent; and (b)(i) has a minor child or children under age 18 for which the parent has either custody or joint custody; or (ii) is pregnant.
- **3.27** SUBCONTRACTOR means any entity entering into a contract with the Contractor for the performance of work under the Covered Contract from a facility located in the United States, including suppliers producing or supplying vehicle component parts.
- **3.28** TOTAL DOLLAR COMMITMENT means the total dollar value of the sum of the minimum Hourly Wage Rate and minimum Fringe Benefit Amounts multiplied by the total Direct Hours for all New Hires and Retained Workers committed to by the Contractor and all participating Subcontractors in the USEP or LEP proposal.
- **3.29** TOTAL HOURLY WAGE means the minimum Hourly Wage Rate and minimum Fringe Benefit Amount, if any, to each New Hire and Retained Worker for the relevant job classification.
- **3.30** U.S. EMPLOYMENT PLAN (USEP) means a written description of the number and quality of U.S. jobs to be created and/or retained under a Proposal pursuant to a prospective Contract award. A U.S. Employment Plan will contain the elements and forms set forth herein as requested in the U.S. Employment Plan Forms. The U.S. Employment Plan must also contain the information and supporting documentation requested in the RFP.
- **3.31** U.S. FACILITY means a physical plant, factory or office located within the 50 states, District of Columbia, or territories of the United States.
- **3.32** VETERAN means a person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable.
- **3.33** WORKFORCE TRAINING means a program that will create permanent, industry recognized credentials and/or skills that are stackable, transportable, and/or transferable for New Hires and/or Retained Workers under a Covered Contract, including all activities related to the provision of skills, knowledge and capacity to New Hires and/or Retained Workers working on the Covered Contract. Allowable expenditures for Workforce Training under a USEP or LEP may include: (a) funds spent on teachers, trainers or special equipment to help New Hires and/or Retained Workers build the skills necessary to successfully work on the Covered Contract; (b) wages and Fringe Benefit Amounts spent on experienced Contract for work time during which those experienced employees provide documented on-the-job training to New Hires and/or Retained Workers; (c) sums paid by a Contractor or Subcontractor to an outside workforce development program, so long as the skills acquired in such program is related to

the Manufacture and/or Final Assembly of vehicles under the Covered Contract. Workforce Training may include publicly or privately funded workforce development programs, registered apprenticeship programs, an apprenticeship program registered with the Department of Labor, and/or a federally-recognized State Apprenticeship Agency that complies with the requirements under parts 29 and 30 of title 29, Code of Federal Regulations; and may include preapprenticeship commitments to provide training that helps participants in apprenticeship programs prepare for and successfully complete their training.

RATIFICATION OF HR5000 HEAVY RAIL VEHICLE (HRV) CONTRACT AND THE A650 HRV REFURBISHMENT CONTRACT



Item #2025-0455 May 22, 2025

Recommendation

CONSIDER:

A. RATIFYING the procurement and award of Contract No. OP239906000HR5000 (HR5000 Contract) to the Hyundai Rotem USA Corporation (Hyundai Rotem), and the HR5000 Contract as amended by Modifications 1-3 for the manufacturing and delivery of 182 new heavy rail vehicles (HRVs), in the amount of \$663,688,303 for the base contract buy, exclusive of one contract option for an additional 50 HRVs, totaling 232 HRVs for a total of \$730,057,133;

B. RATIFYING the procurement and award of Contract No. OP245126000A650HRV (A650 Contract) to Woojin IS America (Woojin), and the A650 Contract as amended by Modifications 1-3 for the refurbishment of 74 A650 HRVs, in the amount of \$213,587,542.63 for 70 base HRVs, and one contract option for an additional 4 HRVs, totaling 74 HRVs; and

C. ADOPTING the resolutions attached as Attachment A and Attachment B, affirming that modifications made to the HR5000 and A650 Contracts to bring the Contracts into compliance with the Manufacturing Careers Policy (MCP) are consistent with Metro's goals to implement the MCP into the HR5000 and A650 Contracts, and do not fundamentally alter the HR5000 and A650 Contracts so as to warrant rebidding the contracts.



Background

- Dec. 1, 2022: Board approves (1) Manufacturing Careers Policy (MCP), (2) HR5000 HRV Procurement Solicitation, and (3) A650 HRV refurbishment solicitation
 - The adoption of the MCP modified Metro's prior U.S. Employment Program (USEP) and Local Employment Program (LEP) guidelines and combined them in a single policy, which applies to rolling stock contracts over \$50M.
- Due to overlap of timing of actions, when the RFPs were issued, although they included requirements for proposers to include USEP plans in their proposal that met the spirit of the MCP, the requirements did not fully mirror all MCP requirements
 - Dec. 5, 2022: HR5000 RFP issued
 - Dec. 9, 2022: A650 RFP issued
- Proposals were evaluated in conformance with RFP scoring criteria, including scoring of the USEP plans which accounted for 5% of the overall score, leading to awards for each contract
 - Jan. 25, 2024: HR5000 Contract awarded to Hyundai Rotem USA Corp. (Hyundai Rotem)



Feb. 22, 2024: A650 Contract awarded to Woojin (sole bidder)

Current Contract Status

- Although the HR5000 and A650 RFPs and initial Contract did not all incorporate MCP requirements, the Contracts have been modified to incorporate all material MCP requirements
- Examples of aspects of the MCP that are now included via executed modifications are the following:
 - Commitment for "new and retained" U.S. workers as opposed to "new" workers
 - Provision of Labor Value Forms with breakdown of minimum wages and benefits for each job class
 - Calculation of the 10% disadvantaged worker requirement based upon number of workers, rather than total wages and benefits
 - Requirement of submission of certified payrolls and other enhanced compliance and enforcement mechanisms
 - Hiring a jobs coordinator, as well as updates to definitions that align with the MCP
- Heavy rail vehicles (HRV) being procured and refurbished through the HR5000 and A650 Contracts are necessary to support the 2028 Games, including operations of the Purple Line Extension projects



Labor Commitments and Contract Monitoring

Both the HR5000 and A650 Contractors, Hyundai Rotem and Woojin, have made substantial and contractually enforceable USEP commitments:

• Hyundai Rotem USEP Commitment - \$121,927,687

- \$96,647,515 U.S. wages & benefits
- \$26,994,012 U.S. facility investments
- \$286,160 U.S. workforce training
- Woojin USEP Commitment \$23,954,088
 - \$21,263,639 U.S. wages & benefits
 - \$2,625,449 U.S. facility investments
 - \$65,000 U.S. workforce training

DEOD Compliance Reviews:

 DEOD has successfully completed detailed desk audits for the active MCP-applicable projects (HR5000 & A650). These desk audits involve reviewing labor value forms and USEP narratives, followed by a comparison with information from certified payroll reports and quarterly reports. To date, both projects are complying with MCP requirements.



Rationale for Ratification

- Although HR5000 and A650 RFPs did not mirror MCP, proposers submitted USEPs scored in compliance with RFP criteria, fairly, and without favoritism
- Modified HR5000 and A650 contracts now comply with the MCP
- Labor monitoring is already underway by DEOD for both the HR5000 and A650 vendors' compliance with USEP commitments and the MCP
- VCM and DEOD have taken steps to ensure future procurements reflect MCP requirements
- The Contracts are critical and time sensitive to meet commitments for 2028 Games and to meet commitments in Metro's federal grants
- Metro has already spent > \$85M on HR5000 Contract and > \$31.5M on Woojin Contract
- Re-procurement would significantly increase costs to the public, delay delivery of HRVs, and may not result in increased USEP commitments

