



Board Report

File #: 2025-1030, **File Type:** Informational Report

Agenda Number: 20.

CONSTRUCTION COMMITTEE JANUARY 14, 2026

SUBJECT: OFFICE OF THE INSPECTOR GENERAL CONSTRUCTION CHANGE ORDER SPOT CHECKS

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Office of the Inspector General Construction Change Order Spot Check Report for the period September 1, 2025, to November 30, 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 September 1, 2025, to November 30, 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 LAX/Metro Transit Connector Project

This OIG Spot Check report pertains to the LAX/Metro Transit Center Station Project (Contract C1197 MOD 00071). Design Modification to the Photovoltaic (Solar Power System).

Change Order Detail

See Attachment A Spot Check #1 table.

Summary #1

Scope of Work - This \$1,120,314 change order, MOD 00071, pertains to the LAX/Metro Transit Center Station Project (C1197). It compensates the Contractor for additional labor, materials, and equipment required due to unforeseen conditions encountered during the installation of the Photovoltaic (PV) system in the landscape area.

The modification was initiated following a Metro design directive, issued after field verification confirmed that the basis-of-design solar panel model specified in the original contract documents had been discontinued and was no longer commercially available from the manufacturer.

The revised scope of work includes structural modifications to existing support elements and the fabrication and installation of additional structural members to support the replacement PV panel specifications. The total cost of the modification includes all labor, materials, and equipment necessary to complete the system installation and achieve full system integration within the designated area.

Technical Issue:

The original design specified manufacturer-specific mounting embeds engineered for the discontinued panel model. Upon evaluating alternative solar panel manufacturers, it was determined that the existing embed configuration is incompatible with the mounting hardware and structural connection requirements of the available replacement panels. The dimensional tolerances, load-transfer mechanisms, and attachment-point locations differ significantly across manufacturers, preventing direct substitution.

Required Modifications:

- 1. Structural Rework:** Remove and/or modify existing embedded anchor systems installed

based on the original panel specifications

- 2. Additional Structural Members:** Install supplementary structural steel components and foundation elements to accommodate the revised mounting requirements of the replacement PV panel model
- 3. System Integration:** Ensure all modifications maintain structural integrity, meet load requirements, and comply with applicable structural and engineering standards

Schedule Enhancement:

To mitigate schedule impacts and improve the overall project completion timeline, the construction methodology was revised. The foundation work was executed using a revised embed system that allowed for independent construction sequencing. This approach enables parallel work activities and reduces dependencies on the critical path. Steel components can be fabricated, delivered, and installed on a separate timeline, improving construction efficiency and reducing field coordination conflicts.

Budget - This change order for MOD 00071 had an agreed-upon amount of \$1,120,314, which included costs that weren't captured in the Contractor's Cost Scheduled Proposal (CSP) and aligned with the Independent Cost Estimate (ICE). The CSP was \$1,055,610, and ICE was \$1,287,001. The ICE is \$231,391 (21.92%) over the CSP, and the negotiated amount is \$166,687 (12.95%) 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 October 23, 2025, and the staff completed all signature approvals within twenty-four workdays. Under the prior Board approval method for change orders, assuming presentation at a December Board meeting date, it would have taken a total of forty-eight workdays to complete the transaction.

Safety - The LAX/Metro Transit Center Station Project has 387,164 Project hours through May 2025, with a Total Recordable Injury Rate (TRIR) of 2.06 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .155 (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 Station Project

This OIG Spot Check report pertains to the Purple Line Extension Section 3 Transit Station Project (Contract C1152 MOD 00158). Construction costs resulting from design changes to the power and communication distribution systems for both bicycle hubs at the UCLA and the Veterans Affairs (VA)

Hospital Station.

Change Order Detail

See Attachment A Spot Check #2 table.

Summary #2

Scope of Work - This change order in the amount of \$760,999.51 is for MOD 00158. This modification addresses construction costs for the Purple Line Extension 3 (PLE3) Transit Station Project (C1152) for both bicycle parking facilities (bike hubs) at the UCLA Station and the VA Hospital Station. During the final design phase, Metro Planning introduced scalable revisions to the electrical and communication distribution systems and added cabinets to house the access control equipment. These scope elements were not incorporated into the base contract.

Potential Cost Savings That Could Have Occurred:

1. Early Identification: Providing these requirements for bike hub access equipment during the initial bike hub planning could have avoided administrative costs of processing separate modifications and potentially secured better pricing through competitive bidding as part of a larger scope.

Budget - This change order for MOD 00158 was negotiated to the amount of \$760,999.51. The Contractor's Cost and Schedule Proposal (CSP) was \$789,406.90, and the Independent Cost Estimate (ICE) was \$877,910.92. The ICE is \$88,504.02 (11.21%) over the CSP, and the agreed-upon amount is \$116,911.41 (13.32%) 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 October 30, 2025, and the staff completed all signature approvals within eleven workdays. Under the prior Board approval method for change orders, assuming presentation at a December Board meeting date, it would have taken a total of twenty-five workdays to complete the transaction.

Safety - The Purple Line Extension 3 Transit Project for the C1152 contract has 3,024,123 Project hours through November 2025, with a Total Recordable Injury Rate of 1.22 (the Bureau of Labor Statistics National Average is 2.3) and a Days Away, Restricted or Transferred (DART) rate of .20 (the Bureau of Labor Statistics National Average is 1.5).

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

Spot Check #3 - The East San Fernando Valley Transit Corridor Project

This OIG Spot Check report pertains to the East San Fernando Valley Transit Corridor Project (Contract C1220 MOD 00012). Incorporating the self-performed work by the Los Angeles

Department of Water and Power into the design work schedule.

Change Order Detail

See Attachment A Spot Check #3 table.

Summary #3

Scope of Work - This change order in the amount of \$918,581 is for MOD 00012. This modification pertains to the East San Fernando Valley (ESFV) Transit Corridor Project (C1220). The Los Angeles Department of Water and Power is self-performing an underground electrical duct bank installation within the three-mile underground segment of the ESFV LRT alignment, extending from San Fernando Road to south of Parthenia Street.

The Los Angeles Department of Water and Power (LADWP) is self-performing this work under a separate agreement with Metro, rather than including it within the contractor's initial design scope. During the development of this contract, Metro and LADWP leadership agreed not to move forward with the proposed undergrounding of electrical lines, which was later changed when LADWP came under new leadership. As such, the original contract did not account for the level of effort required for the coordination and integration of this third-party utility work into the final project design.

This modification provides compensation to the contractor for the additional professional design and coordination services necessary to integrate the LADWP electrical duct bank into the project design.

The scope of work includes:

- **Design Plan Integration:** The Contractor will incorporate the LADWP electrical duct bank design into the current project design documents and utility profile plans. This work includes reviewing and integrating the LADWP designs to identify any conflicts with existing or proposed infrastructure, coordinating with other utility systems shown in the project plans, and evaluating constructability impacts that may affect sequencing, access, or construction methods.

Budget - This change order for MOD 00012 was negotiated to amount of \$918,581. The Contractor's Cost and Schedule Proposal (CSP) was \$1,011,149, and the Independent Cost Estimate (ICE) was \$779,906. The ICE is \$231,243 (22.87%) under the CSP, and the negotiated amount is \$138,675 (17.78%) over the ICE.

Potential Cost Savings That Could Have Occurred:

1. **Early Identification:** The three-mile underground duct bank design was initially agreed not to be included in the scope of the Design Work. Earlier recognition of the agreement between Metro and LADWP could have allowed this scope to be negotiated into the original design contract, but it would have had a significantly greater impact on the overall project budget. The original undergrounding agreement would have resulted in a higher cost because it was expected that Metro would be responsible for all related undergrounding costs and schedule impacts. Metro leadership resumed negotiations with LADWP in 2024, and now the undergrounding is being done at LADWP's expense, resulting in a reduction of risk for Metro. If the original agreement had remained in place, the project could have prevented the

additional administrative expenses associated with processing a modification.

Schedule - The CEO Delegation of Authority process was utilized for this change order. The modification was awarded on October 31, 2025, and the staff completed all signature approvals within nineteen workdays. Under the prior Board approval method for change orders, assuming presentation at the December Board meeting date, it would have taken a total of twenty-six workdays to complete the transaction.

Safety - The East San Fernando Valley Light Rail Transit Line Project C1220 contract has 303,065 Project hours through October 2025, with a Total Recordable Injury Rate of 1.33 (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 and lessons learned - No recommendations by the OIG.

Spot Check #4 - The Rail-to-Rail Active Transportation Corridor Project

This OIG Spot Check report pertains to the Rail-to-Rail Active Transportation Corridor Project (Contract C1166 MOD 00166.1), Consolidation of three previous change orders (CO-00003, CO-00003.1, and CO-00003.2 for unforeseen subsurface conditions within the public right-of-way.

Change Order Detail

See Attachment A Spot Check #4 table.

Summary #4

Scope of Work - This change order in the amount of \$537,294.30 is for MOD 00166.1. It pertains to the Rail-to-Rail Transportation Corridor Project (C1166). This contract modification consolidates and supersedes three previous change orders (CO-00003, CO-00003.1, and CO-00003.2) into a single comprehensive agreement between LA Metro and the Contractor to address unforeseen subsurface conditions within the public right-of-way.

Budget - This change order MOD 000166.1 had an agreed-upon amount of \$537,294. The Contractor's Cost and Scheduled Proposal (CSP) was \$537,294, and the Independent Cost Estimate (ICE) was \$631,750. The ICE is \$94,456. (17.58%) over the CSP, and the negotiated amount. The staff stated that funds for this change order are within the Life-of-Project budget.

Schedule - The CEO Delegation of Authority process was utilized for this change order. The modification was awarded on October 17, 2025, and the staff completed all signature approvals within twenty workdays. Under the prior Board approval method for change orders, assuming presentation at the December Board meeting date, it would have taken a total of thirty-two workdays to complete the transaction.

Safety - The Rail-to-Rail Transportation Corridor 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 - Program Management assessed risks and possible public impacts, including traffic effects, and determined it was acceptable to proceed without exploring subsurface conditions in the public right-of-way.

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) \$1,120,314 LAX/Metro Transit Connector Project
- Spot Check #2) \$760,999.51 Purple Line Extension Section 3 Transit Station Project
- Spot Check #3) \$ 918,581 ESFV Transit Corridor Project
- Spot Check #4) \$537,294.30 Rail-to-Rail Active Transportation Corridor Project

EQUITY PLATFORM

In the opinion of the OIG, we considered whether these change orders presented any equity-related issues on their face. The OIG did not receive any data concerning community impacts. The OIG observed no obvious disparate impacts created by these change orders on small businesses or low-income persons or by the performance of the work in a manner that impacted a disadvantaged community beyond what is typical and usual when conducting any construction.

VEHICLE MILES TRAVELED OUTCOME

While this report does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro Program Management, Safety in Construction, and effective financial management. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Office of Inspector General reviews large change orders over a calendar quarter and makes recommendations as appropriate to support Metro's Strategic Plan Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization and CEO goals to exercise fiscal discipline to ensure financial stability. The OIG mission includes reviewing expenditures for fraud, waste, and abuse in Metro programs, operations, and resources. For each selected change order reviewed, the OIG evaluates whether there are red flags of fraud, waste, or abuse taking place. We report the details of the significant change orders and make recommendations consistent with the OIG's Construction Best Practices report dated February 29, 2016, and supplemental report in 2023, more particularly focusing on safety, lessons learned, improving efficiencies, and prudent spending.

NEXT STEPS

The 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

Prepared by: Stuart Bermudez, Construction Specialist Investigator, (213) 244-7324

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


Karen Gorman
Inspector General

Spot Check #1 – The LAX/Metro Transit Connector Project – Contract C1197**Change Order Detail**

<u>Description of Modification or Change Order – MOD 00071</u> Design Modification to the Photovoltaic (Solar Power System)	
<u>Change Order Dates:</u>	
Scope of Work approved	October 28, 2025
Awarded to the Contractor	October 23, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process	24 workdays
Estimate using former Board approval process Agenda for the December Board Meeting	48 workdays
<u>Cost of Change Order:</u>	
Metro independent cost estimate (ICE)	\$1,287,001
Contractor Stated Proposal (CSP)	\$1,055,610
Agreed Amount	\$1,120,314
Percentage of negotiated amount under the (ICE)	12.95%
Amount over than the Contractor's Proposal (CSP)	\$64,704

Spot Check #2 – The Purple Line Extension Section 3 Transit Station Project - Contract C1152**Change Order Detail**

<u>Description of Modification or Change Order – MOD 00158</u> Construction costs resulting from Metro driven design changes to the power and communication distribution systems for both bicycle hubs at the UCLA and the Veterans Affairs (VA) Hospital Station	
<u>Change Order Dates:</u>	
Scope of Work approved	November 14, 2025
Awarded to the Contractor	October 30, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	11 workdays
Estimate using former Board approval process Agenda for the December Board Meeting	25 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$877,910.92
Contractor Stated Proposal (CSP)	\$789,406.90
Negotiated Amount	\$760,999.51
Percentage of negotiated amount under the (ICE)	13.32%
Amount less than the Contractor's Proposal (CSP)	\$28,407.39

Spot Check #3 – East San Fernando Valley Transit Corridor Project - Contract PS89616000

Change Order Detail

<u>Description of Modification or Change Order – MOD 00012</u> Incorporate the Work Self-Performed by LADWP in the Design Work Schedule	
<u>Change Order Dates:</u>	
Scope of Work approved	November 20, 2025
Awarded to the Contractor	October 31, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	19 workdays
Estimate using former Board approval process Agenda for the December Board Meeting	26 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$779,906
Contractor Stated Proposal (CSP)	\$1,011,149
Negotiated Amount	\$918,581
Percentage of negotiated amount over the (ICE)	17.78%
Amount less than the Contractor's Proposal (CSP)	\$92,568

Spot Check #4 – The Rail-to-Rail Transportation Corridor Project - Contract C1166

Change Order Detail

<u>Description of Modification or Change Order – MOD 00166.1</u> Consolidation of three previous change orders (CO-00003, CO-00003.1, and CO-00003.2 for unforeseen subsurface conditions within the public right-of-way	
<u>Change Order Dates:</u>	
Scope of Work approved	November 13, 2025
Awarded to the Contractor	October 17, 2025
<u>Elapsed Time for Executing Change Order:</u>	
Using new delegated process,	20 workdays
Estimate using former Board approval process Agenda for the December Board Meeting	32 workdays
<u>Cost of Change Order:</u>	
Metro Independent Cost Estimate (ICE)	\$631,750
Contractor Stated Proposal (CSP)	\$537,294.30
Agreed Amount	\$537,294.30
Percentage of negotiated amount under the (ICE)	17.58%
Amount less than the Contractor's Proposal (CSP)	\$0

ATTACHMENT B (OCTOBER 2025)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
Spot Check #3 - Purple Line Extension Section 2 Transit Project 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).	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.	Project Management agreed with the recommendation.	August 25, 2025
Spot Check #4 – LAX/Metro Transit Connector Project. 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.	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.	Project Management agreed with the recommendation.	September 8, 2025

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

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ATTACHMENT B (JULY 2025)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
Spot Check #1 – Rail to Rail Active Transport Corridor Project This OIG Spot Check report pertains to the Rail to Rail Active Transport Corridor Project (Contract C1166 MOD 00136), Differing Site Conditions.	It is recommended that the Metro designer conduct comprehensive subsurface investigations within the project boundary , 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.	Project Management agreed with the recommendation.	June 6, 2025
Spot Check #3 - Purple Line Extension Section 2 Transit Project 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.	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.	Project Management agreed with the recommendation.	June 5, 2025

ATTACHMENT B (APRIL 2025)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#1 The Rail to Rail Active Transport Corridor Project. This OIG Spot Check report concerns the Rail to Rail Active Transport Corridor Project (Contract C1166, MOD 00113) Bollard Procurement.	The OIG requested an explanation 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. The OIG supports the recommendation of SSLE and Metro's ongoing efforts to incorporate safety considerations into public right-of-way management. This approach enhances accessibility and ensures that public spaces are safer and more navigable for all, including pedestrians and cyclists.	The Project Team accepted the Contractor's proposal due to several factors. To meet the substantial completion date and the scheduled opening in April, the Project incurred additional costs to expedite the procurement process. Consequently, the Contractor included an expediting fee to ensure timely delivery. Additionally, the Contractor's proposal accounted for costs not included in the Independent Cost Estimate but essential for the Project, such as storage, touch-up painting, handling/transportation, and anti-graffiti coating.	March 7, 2025
#2 The Purple Line Extension Section 2 Transit Project. This OIG Spot Check report concerns the Purple Line Extension 2 (Contract C1120, MOD 00230.1). Additional project staffing and compliance activities for changes issued during the base design phase	<u>Question to the Purple Line Extension 2 Program Management.</u> The OIG requested an explanation of what caused the need for additional project staffing that the Contractor did not consider and plan during the bidding process. No Recommendations for this spot check on the basis of management's response.	The project underwent significant design changes that exceeded what could have been reasonably anticipated, requiring an increase in project staffing. Examples include reorienting and expanding a station entrance by 90 degrees, a major redesign of the storm drainage system, the impact of a global pandemic, and a change to the final tunnel lining material.	March 13, 2024
#3 The Purple Line Extension Section 1 Transit Project. This OIG Spot Check report concerns the Purple Line Extension Section 1 Transit Project (Contract C1045, MOD 00235) The Wilshire/La Cienega Plaza Station Standby Generator, Design and Construction.	OIG Recommendations/Lessons Learned – The OIG recommends incorporating larger equipment specifications early in the procurement process, which allows for more accurate budgeting and planning. This proactive approach helps establish a consistent set price and reduces the likelihood of unforeseen expenses.	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.	April 15, 2025
#4 The I-5 North County Enhancement Project. This OIG Spot Check report concerns the I-5 North County Enhancement Project (Contract C70396C1205, MOD 00050) Differing Site Conditions.	OIG Recommendations/Lessons Learned – The project management software "Headlight," which is being used on this project to review the daily reports for the period of the modification. 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.	Management responded: Management indicated that the information was being tracked on a risk register and was pending merit from the contractor.	April 12, 2025

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

	Recommendation 1: The OIG recommends that the Project team review the Capital Project requirements referred to in the Configuration Management Policies and Procedures in CF01-CF04, CF07, and CF10. Metro's Program Management Information System (PMIS) must be the primary source for document control, such that a major pending change order has a placeholder noted in PMIS. Recommendation 2: For best practices of project controls and fostering transparency, modifications should be entered in a timely manner. The validity of the submitted information is uncertain, and I recommend that the Project team audit the supporting documents for the modification. The documentation input on (PIMS) submitted by the Project team does not align with the dates of the contractor's or inspectors' reporting in "Headlight," indicating a possible communication disparity between the use of both programs, unless the information is contained in the Risk Registry. Recommendation 3: The OIG recommends considering negotiating and closing out Contractor claims through early intervention. This theory proactively addresses claims, and helps prevent cost overruns, foster transparency and cooperation between the Contractor 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.		
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ATTACHMENT B (FEBRUARY 2025)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#1 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00045) LRT Excessive Deflection.	The OIG requested a response from the Project Management team to a series of questions to justify Metro's reasoning for approving the cost. To streamline future adjustments, it is recommended to implement engineering controls and monitoring systems to detect anomalies early in the project lifecycle. Additionally, Metro's quality assurance protocols could benefit from enhancements that balance safety, quality, time, and budget considerations. For instance, ensuring adequate time for structural completion before commencing finishing works could prevent similar change orders in the future.	Response and justification from Management: a) The variation between the ROM, ICE, and final Change Amount resulted from additional RFI details and evolving market and project conditions that increased costs. After contractor negotiations, the increase was deemed justifiable. A cost-benefit analysis weighed deflection corrections against schedule impacts, leading to the most efficient solution. Two in-person negotiation rounds ensured the contractor's proposal was accurate and aligned with field performance. b) Recovery costs were deemed unfeasible for AMC due to complex project conditions, including delegated designs, challenging field scenarios, tight 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.	November 13, 2024
#2 WS Purple Line Ext. 2 Project. This OIG Spot Check report concerns the WS Purple Line Extension 2 (Contract C1120, MOD 00227) Storm Drain /Unforeseen Conditions.	I have requested a response from the Project Management team to a series of questions to justify Metro's reasoning. The prime contractor and infrastructure designer did not account for the sewer lateral in their plans because there was no indication in reference documents provided by the Los Angeles Bureau of Engineering (LABOE). The contractor utilized utility location methods (i.e., potholing and GPR) which were unsuccessful. I reviewed the contractor processes and as-build utility records with the Los Angeles Bureau of Engineering (LABOE), which revealed no records of the private sewer lateral and supports the justification of the change order.	The cost for the modification encompassed temporary remediation and repair of the sewer lateral, which was an unforeseen condition not reflected in the city-provided as-built drawings. These unexpected circumstances necessitated immediate corrective action to maintain project continuity and further impact residents. The OIG accepts Management's justification of the modification.	November 7, 2024

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

#4 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector 96 th St Transit Station (Contract C1197, MOD 00049) Improvements of the north-end perimeter site fencing.	The OIG requested Management’s justification to the modification and reasoning that necessitated the improvements to north-end perimeter site fencing.	The change includes costs associated with the design, materials, and construction that were necessitated by the increased number of bus chargers and modifications implemented by the LADWP.	October 24, 2024
ATTACHMENT B (JANUARY 2024)			
OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT’S RESPONSES	COMPLETION DATE
#1 Division 20 Portal Widening Turnback Project. This OIG Spot Check report concerns the Division 20 Portal Widening Turnback Project (Contract C1136, MOD 0109) Lighting Various Civil and Electrical Changes.	The OIG recommends continuing forward with cost recovery from the Designer of Record.	Management concurs with the OIG recommendation and intends to pursue cost recovery for errors and omissions (E&O) from the Design Firm of Record.	November 23, 2023
#2 Airport Metro Connector (AMC) Project. This OIG Spot Check report concerns the Airport Metro Connector (Contract C1197, MOD 00027) Low Voltage Cabling.	The OIG recommends that the project office contacts the Airport monorail construction support team and recommend they install the Low Smoke Zero Halogen (LSZH) type fiber optic cable also.	The Project will coordinate with LAWA to install Corning's NFPA 130 compliant optical cable type which also meets Low Smoke Zero Halogen (LSZH) classification to be consistent with the optical cables on AMC project.	November 17, 2025
#3 The Purple Line Extension Section 1 Transit Project. This OIG Spot Check report concerns the Purple Line Extension Section 1 Transit Project (Contract C1045, CO 0045) SCE and LAWDP Change to Electrical Rooms and Equipment, Construction and Design with minor changes.	The OIG recommends staff work closely with SCE and LADWP to confirm their approvals for the requested work and to update any MRDC standard or specification to ensure that Metro corrects any out of date standards in relations to SCE or LADWP. It is recommended that Management discuss with the Diversity and Economic Development Department if the standard change order language might be revised to indicate a particular SBE/DBE goal for the change order “unless the contractor has already met the SBE/DBE goal for the contract as a whole”.	#3 (Top Half): The Project will continue to work closely with DWP/SCE. Metro engineering (Gateway) can look into updating the MRDC with some of the more significant changes that DWP/SCE requested but It should be noted that many of the changes that LADWP and SCE request are not in the ESR Manual or any other type of standard but came about due to safety concerns as they progressed through the work in the field. #3 (Bottom Half): The Project Manager and DEOD clarified the Contract requirements for achieving the DBE goal for Changed Work in the above attached letter.	November 30, 2025

ATTACHMENT B (OCTOBER 2023)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#1 Division 20 Portal Widening Turnback Project. This OIG Spot Check report concerns the Division 20 Portal Widening Turnback Project (Contract C1136, MOD 0092) Rebar for Contact Rail Encasement.	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.	The ICE did not have all the details of the scope of work in correlation with Engineering and contractor means and methods.	December 27, 2024

ATTACHMENT B (JANUARY 2022)

OIG REPORT, SPOT CHECK, # MOD #	RECOMMENDATIONS	MANAGEMENT'S RESPONSES	COMPLETION DATE
#4 WS Purple Line Extension 3 Project. 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.	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.	Project Management agreed with the recommendation.	December 27, 2024

File#
2025-1030

Office of the Inspector General Construction Change Order Spot Check Report

Presented By:
Karen Gorman
Inspector General

January 14, 2026
Construction Committee
Los Angeles County Metropolitan Transportation Authority



Spot Checks 1 & 2

File#
2025-1030

1 – The LAX/Metro Transit Connector Project

Unforeseen Conditions - Construction costs to the Solar power system in the landscape area. The original basis-of-design solar panel model was discontinued by the manufacturer, necessitating rework of the already installed support elements and replacement of the solar panel equipment.

Recommendation:

Award: \$1,120,314

No Recommendations by the OIG

2 – The Purple Line Extension Section 3 Transit Station Project

Construction Costs Resulting from Design Changes - Metro Planning introduced revisions to the electrical and communication systems and added cabinets to house access-control equipment for bicycle hubs at the UCLA and Veterans Affairs Stations.

Recommendation:

Award: \$760,999.51

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

January 14, 2025
Construction Committee
Los Angeles County Metropolitan Transportation Authority



Spot Checks 3 & 4

File#
2025-1030

3 – East San Fernando Valley Transit Corridor Project

Incorporate the Work Self-Performed by LADWP into the Design Work Schedule - This modification provides compensation to the contractor for the additional professional design and coordination services necessary to integrate the LADWP electrical duct bank into the project design.

Recommendations/Lessons Learned

Award: \$918,581

Under the revised agreement with LADWP, the 3-mile duct bank will be completed at LADWP's expense, reducing risk and minimizing impacts to Metro's project budget. Metro will assume the cost for integration and critical component management. By comparison, the original agreement would have had a greater impact on Metro's budget.

4 – The Rail-to-Rail Active Transport Corridor Project

Differing Site Conditions - This change order is related to differing subsurface material encountered by the contractor during the removal of pavement at the various street crossings on the public right-of-way.

Recommendations/Lessons Learned

Award: \$537,294.30

Program Management assessed the risks and possible public impacts, including traffic effects, and determined it was acceptable to proceed without exploring subsurface conditions in the public right-of-way.

Spot Check Schedule Comparison

File#
2025-1030

Project	Title of Change Order	Time Saved Executed Date to Board Mtg.	New Delegated Process Final SOW to Executed Date	Formal Board Approval Process
The LAX/Metro Transit Center Station Project	Unforeseen Conditions – Design Changes to Photovoltaic System	24	24	48
The Purple Line Extension Section 3 Transit Station Project	Construction Cost Resulting from Metro Planning Design Changes	14	11	25
The East San Fernando Valley Transit Corridor Project	Incorporating LADWP Self-Performed Work into the Design Work Schedule	7	19	26
The Rail-to-Rail Active Transport Corridor Project	Differing Site Conditions – Unforeseen Subsurface Conditions within the Public Right-of-way	12	20	32

January 14, 2026
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