



Board Report

File #: 2019-0560, File Type: Contract

Agenda Number: 12.

REVISED
PLANNING AND PROGRAMMING COMMITTEE
SEPTEMBER 18, 2019

SUBJECT: PUBLIC-PRIVATE PARTNERSHIP (P3) FINANCIAL ADVISORY SERVICES BENCH

ACTION: AWARD BENCH CONTRACTS

RECOMMENDATIONS

AUTHORIZE the Chief Executive Officer (CEO) to:

- A. AWARD AND EXECUTE five bench Contracts listed below for P3 Financial Advisory Services for a five-year base period in the overall funding amount of \$25 million, subject to resolution of protest(s), if any:
 1. Arup Advisory, Inc (PS61431000)
 2. Deloitte Transactions and Business Analytics Analysis LLP (PS61431001)
 3. Ernst & Young Infrastructure Advisors, LLC (PS61431002)
 4. Public Financial Management Financial Advisors LLC (PS61431003)
 5. Sperry Capital Inc. (PS61431004)
- B. APPROVE Contract Modification Authority (CMA) in the amount of 20% specific to Contract Nos. PS61431000 through PS61431004 to support the cost of unforeseen issues that may arise during the course of the Contract; and
- C. EXECUTE Task Orders under these Contracts for P3 Financial Advisory Services in a total amount not to exceed \$25 million.

ISSUE

LA Metro requires specialized financial consulting services from qualified firms to support the potential use of Public-Private Partnerships (P3) and other alternative delivery models for a variety of transportation-related projects, including but not limited to highway and transit capital, transportation-ancillary facilities, and mobility technology.

The bench of qualified firms shall provide financial expertise and associated resources and deliverables to assist Metro in identifying and evaluating projects where alternative or P3 delivery might offer benefits, advancing these projects through feasibility analysis, pre-procurement and project development phases to procurement, as well as potential post-procurement, implementation,

and administration project phases.

Task orders will be awarded to a contractor from the bench at the completion of a competitive procurement process.

BACKGROUND

Previously, Metro's Planning Department had established a P3 bench involving six disciplines to address a range of financial and technical services that might be required to support P3 or alternative project delivery. Contractors from the P3 advisory bench have been frequently utilized through task orders to support assessments of unsolicited proposals, P3 project development and analysis, support for P3 pre-procurement activities, and development of Metro's P3 program tools.

DISCUSSION

With a shift of P3 program responsibilities to OEI, staff has developed a new approach to identifying and supporting P3 projects whereby various departments utilize both internal and consultant resources to augment a project team, rather than all consulting resources being managed by one group or team. This integrated project team structure has helped to improve collaboration and efficient communication, break down "silos" between various departments, establish greater accountability across the agency for project outcomes, and support a multidisciplinary approach to project planning, development, and delivery.

Since its inception, OEI's role has been to focus specifically on the financial aspects of P3 projects. OEI has utilized the prior P3 advisory bench several times, but only to issue task orders to the financial discipline. Therefore, when the existing bench contract expired in February of 2019, OEI determined with Vendor/Contract Management and other staff involved in P3 projects that a new bench contract should be limited to P3 financial advisory.

In addition to the tasks and deliverables associated with the financial discipline of the previous P3 advisory bench, OEI has expanded the scope of work to incorporate 1) support in the assessment of unsolicited proposals, 2) new types and kinds of innovative transportation projects and facilities, 3) tasks related to contract implementation and administration that would be relevant after a P3 contract award has been approved, and 4) development of programmatic P3 tools such as guidance, methodologies, and other tools that will support broader and more effective P3 literacy within Metro.

DETERMINATION OF SAFETY IMPACT

The approval of this Bench will not have any impact on the safety of our customers and employees.

FINANCIAL IMPACT

Each task order awarded to a contractor will be funded with the source of funds identified for the relevant project. For unsolicited proposal support or programmatic work, OEI will budget from its allocated P3 line item. The FY20 Budget includes funds in account 50316, Project 405701 for P3 consultants. Since this is a multiyear contract, the cost center manager and Chief Innovation Officer

and Deputy Chief Innovation Officer will be responsible for budgeting costs in future years.

Impact to Budget

The funding for these task orders is dependent upon the specific project. Generally, Propositions A and C, and Measure M funds will be utilized.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action supports the following Strategic Plan goals:

Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.

Public-private partnerships and other alternative delivery models have been shown to help deliver projects with more certainty, innovation, and performance, and less risk, cost, and delay. This model, applied thoughtfully, can support Metro's goal to expand the transportation system as responsibly and quickly as possible. A focus on performance based contracting can also help Metro to optimize the speed, reliability, and performance of the system through innovative approaches to revitalizing and upgrading Metro's transit assets. Finally, it can support Metro's effort to experiment with new types and kinds of transit services, such as shared, demand-responsive options, with improved outcomes at a lower level of risk.

Goal 2: Deliver outstanding trip experiences for all users of the transportation system.

P3 financial structures are focused on improving performance outcomes while reducing cost and risk. This performance is "guaranteed" by the financial risk of the P3 partner, improving key customer-facing metrics for transit service. Additionally, as new technologies and approaches are developed, the principles of P3s can be applied to innovative new customer-focused applications to enhance the trip experience. This could include anything from fare payment and toll collection to facilities and infrastructure to support an improved customer experience.

Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

Metro's P3 program is focused on identifying the best value delivery model for each of Metro projects. This includes balancing cost, feasibility, risk, performance, and schedule to deliver the best mobility improvements to taxpayers and system users as soon as possible.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the recommendations. This is not recommended as the award of subsequent task orders would then be pursued as separate procurements which, for each task order, could potentially take several months to complete. This would limit our ability to respond quickly to needs and to meet tight project delivery schedule constraints. The Board could also elect not to approve the CEO's authority to award individual task orders. This is not recommended, as this would limit flexibility and increase evaluation timeframes for proposals and projects, due to the wide variety of financial analysis tasks that bench contractors may be asked to perform in an expeditious manner.

NEXT STEPS

Upon Board approval, staff will establish and execute the Bench contracts. As needed, staff will solicit and award individual task orders.

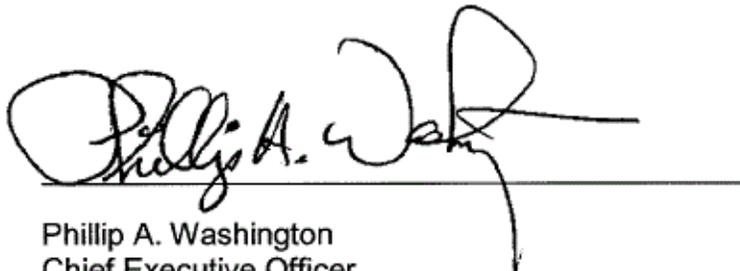
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

**PUBLIC-PRIVATE PARTNERSHIP (P3) FINANCIAL ADVISORY SERVICES
BENCH/PS61431000-PS61431004**

| | | |
|-----------|---|--|
| 1. | Contract Number: PS61431000 through PS61431004 | |
| 2. | Recommended Vendor(s): (1) Arup Advisory, Inc. (2) Deloitte Transactions and Business Analysis Analytics <u>Analytics</u> LLP (3) Ernst & Young Infrastructure Advisors, LLC (4) Public Financial Management Financial Advisors LLC (5) Sperry Capital Inc. | |
| 3. | Type of Procurement (check one): <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order <input checked="" type="checkbox"/> RFIQ | |
| 4. | Procurement Dates: | |
| | A. Issued: April 22, 2019 | |
| | B. Advertised/Publicized: April 22, 2019 | |
| | C. Pre-Proposal Conference: May 6, 2019 | |
| | D. Proposals Due: June 3, 2019 | |
| | E. Pre-Qualification Completed: In process | |
| | F. Conflict of Interest Form Submitted to Ethics: June 3, 2019 | |
| | G. Protest Period End Date: September 20, 2019 | |
| 5. | Solicitations Picked up/Downloaded: 93 | Bids/Proposals Received: 10 |
| 6. | Contract Administrator: Lily Lopez | Telephone Number: (213) 922-4639 |
| 7. | Project Manager: Colin Peppard | Telephone Number: (213) 418-3434 |

A. Procurement Background

This Board Action is to approve the award of bench Contract Nos. PS61431000 through PS61431004, issued in support of the Office of Extraordinary Innovation for specialized financial advisory consulting support services for a term of five years, for a cumulative total amount not-to-exceed \$25 million. Board approval of these contract awards are subject to resolution of any properly submitted protest(s).

The Bench is intended to provide financial advisory consulting support services on an as-needed basis to support the potential use of Public-Private Partnerships (P3) and other alternative delivery models for a variety of transportation-related projects, including but not limited to highway and transit capital, transportation-ancillary facilities, and mobility technology. The Bench shall provide financial expertise and associated resources and deliverables necessary for successful project delivery through various types of P3 contracting structures, to assist Metro in identifying and

evaluating potentially viable projects, advancing these projects through feasibility analysis, pre-procurement and project development, procurement, and/or post-procurement, implementation, and administration project phases.

Request for Information and Qualifications (RFIQ) No. PS61431 was issued in accordance with Metro's Acquisition Policy and the contract type will be on a firm fixed price task order basis.

Individual task order requests under the Bench Contracts will be issued to all qualified Contractors and will be competed and awarded based the specific scope of work. All task orders awarded will be in compliance with Small Business Enterprise (SBE) and Disabled Veteran Business Enterprise (DVBE) Program requirements.

A Pre-Proposal Conference was held on May 6, 2019, and was attended by 21 participants representing 18 firms. During the solicitation phase, 20 questions were asked and responses were released prior to the proposal due date.

One amendment was issued during the solicitation phase of this RFIQ:

- Amendment No. 1, issued on June 15, 2019, provided material disseminated at the Pre-Proposal Conference.

A total of 93 firms downloaded the RFIQ and were included in the planholders list. A total of ten proposals were received on June 3, 2019 from the following firms:

1. Arup Advisory, Inc (Arup)
2. Deloitte Transactions and Business Analysis **Analytix** LLP (Deloitte)
3. Ernst & Young Infrastructure Advisors, LLC (EYIA)
4. IMG Rebel Advisory, Inc. (IMG Rebel)
5. Infrastructure Advisors LLC
6. Jones Lang LaSalle America, Inc. (JLL)
7. Mercator Advisors LLC (Mercator)
8. Project Finance Advisory Limited (PFAL)
9. Public Financial Management Financial Advisors LLC (PFM Financial Advisors)
10. Sperry Capital Inc. (Sperry Capital)

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro's Office of Extraordinary Innovation and Finance & Budget was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria:

1. Overall Firm Experience 30%

- | | |
|---|-----|
| 2. Experience of Project Manager and Team Members | 35% |
| 3. Approach to Performance of Services | 35% |

The evaluation criteria are appropriate and consistent with criteria developed for other, similar P3 professional services procurements.

During the week of June 24, 2019, the PET completed its independent evaluation of the ten proposals and determined that five were deemed within the competitive range. Of the five recommended firms, one is an SBE prime. The five firms within the competitive range are listed below in alphabetical order:

1. Arup
2. Deloitte
3. EYIA
4. PFM Financial Advisors
5. Sperry Capital

Qualifications Summary of Firms within the Competitive Range:

Arup

Arup, was established in 1946 and is headquartered in London, United Kingdom, with additional offices and staff located in Los Angeles and worldwide. Arup is a multi-national professional services firm which provides engineering, design, planning, project management and consulting services for all aspects of the built environment. Arup has worked on several Metro projects and has performed satisfactorily.

Deloitte

Deloitte, was established in 1845 and is headquartered in London, United Kingdom, with additional offices and staff located in Los Angeles and worldwide. Deloitte is a multi-national professional services firm providing audit, tax, consulting, enterprise risk and financial advisory services. Deloitte has worked on several Metro projects and has performed satisfactorily.

EYIA

EYIA, founded in 1849 and headquartered in London, United Kingdom, is a multinational professional services firm that provides assurance (including financial audit), tax, consulting and advisory services. EY has worked on Metro projects and has performed satisfactorily.

PFM Financial Advisors

PFM Financial Advisors, founded in 1975 with offices in Los Angeles, California, provides independent financial advice as well as investment advisory, management,

and consulting services. The PFM Group has worked on Metro projects and has performed satisfactorily.

Sperry Capital

Sperry Capital, founded in 1994 and headquartered in Sausalito, California, is an infrastructure and public finance advisory firm and is a Metro certified SBE. Sperry has worked on Metro projects and has performed satisfactorily.

C. Cost Analysis

The RFIQ contained neither price nor a specific statement of work. Each future task order RFP will contain a specific statement of work which will be competed with the firms within the discipline. The Bench contractors will propose according to the requirements in the task order and a cost/price analysis will be performed, as appropriate, on task orders issued.

D. Background on Recommended Contractor

All five firms listed above are recommended for award. These firms have been evaluated and are determined to be responsive and responsible to perform work on Metro assignments on an as-needed, task order basis.

DEOD SUMMARY

**PUBLIC-PRIVATE PARTNERSHIP (P3) FINANCIAL ADVISORY SERVICES
BENCH/PS61431000-PS61431004**

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 9% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this Task Order Contract. Five (5) firms were selected as prime consultants: Arup Advisory, Inc., Deloitte Transactions and Business Analysis **Analytics**, LLP, Ernst & Young Infrastructure Advisors, LLC, Public Financial Management Financial Advisors, LLC, and Sperry Capital, Inc., an SBE Prime. Each firm committed to the 9% SBE and 3% DVBE goals for this Task Order Contract.

In response to a specific Task Order request with a defined scope of work, the prime consultants will be required to identify SBE and DVBE subcontractor activity and actual dollar value commitments for that Task Order. Overall SBE and DVBE achievement in meeting the commitments will be determined based on cumulative SBE and DVBE participation of all Task Orders awarded.

| | | | |
|----------------------------|---------------------------|----------------------------------|---------------------------|
| Small Business Goal | 9% SBE 3% DVBE | Small Business Commitment | 9% SBE 3% DVBE |
|----------------------------|---------------------------|----------------------------------|---------------------------|

Prime: Arup Advisory, Inc.

| | SBE Subcontractors | % Committed |
|----|---------------------------------|--------------------|
| 1. | BAE Urban Economics | TBD |
| 2. | Madrid Consulting Group | TBD |
| 3. | Morgner Construction Management | TBD |
| 4. | SHA Analytics | TBD |
| | Total SBE Commitment | 9% |

| | DVBE Subcontractors | % Committed |
|----|------------------------------|--------------------|
| 1. | OCMI | TBD |
| | Total DVBE Commitment | 3% |

Prime: Deloitte Transactions and Business Analysis Analytics, LLP

| | SBE Subcontractors | % Committed |
|----|-----------------------------|--------------------|
| 1. | SHA Analytics | TBD |
| | Total SBE Commitment | 9% |

| | DVBE Subcontractors | % Committed |
|----|---------------------------------|--------------------|
| 1. | Ross Infrastructure Development | TBD |
| | Total DVBE Commitment | 3% |

Prime: Ernst & Young Infrastructure Advisors, LLC

| | SBE Subcontractors | % Committed |
|----|------------------------------------|--------------------|
| 1. | Backstrom McCarly Berry & Co., LLC | TBD |
| 2. | SHA Analytics | TBD |
| 3. | System Metrics Group | TBD |
| | Total SBE Commitment | 9% |

| | DVBE Subcontractors | % Committed |
|----|-------------------------------------|--------------------|
| 1. | Ross Infrastructure Development LLC | TBD |
| | Total DVBE Commitment | 3% |

Prime: Public Financial Management Financial Advisors LLC

| | SBE Subcontractors | % Committed |
|----|-----------------------------|--------------------|
| 1. | MARRS Services, Inc. | TBD |
| 2. | Bright Bay Advisors, LLC | TBD |
| | Total SBE Commitment | 9% |

| | DVBE Subcontractors | % Committed |
|----|------------------------------|--------------------|
| 1. | Academy Securities, Inc. | TBD |
| | Total DVBE Commitment | 3% |

Prime: Sperry Capital, Inc.

| | SBE Subcontractors | % Committed |
|----|---------------------------------|--------------------|
| 1. | Sperry Capital Inc. (SBE Prime) | TBD |
| | Total SBE Commitment | 9% |

| | DVBE Subcontractors | % Committed |
|----|---------------------------------|--------------------|
| 1. | Ross Infrastructure Development | TBD |
| | Total DVBE Commitment | 3% |

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.