



## Board Report

File #: 2020-0055, File Type: Contract

Agenda Number: 24.

### OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MARCH 18, 2021

**SUBJECT: P2550 LIGHT RAIL VEHICLE (LRV) MIDLIFE MODERNIZATION/OVERHAUL PROGRAM, RAIL VEHICLE CONTRACTOR**

**ACTION: INCREASE THE LIFE-OF-PROJECT BUDGET AND APPROVE CONTRACT AWARD**

#### RECOMMENDATION

- A. Increase the Life-of-Project (LOP) Budget for the P2550 Light Rail Vehicle (LRV) Midlife Modernization/Overhaul Program (CP 214003) by \$46,340,841 from \$160,000,000 to \$206,340,841.
  
- B. Authorize the Chief Executive Officer to award a firm-fixed unit rate Contract No. P2550-2019 Light Rail Vehicle (LRV) Midlife Modernization to Kinkisharyo International, L.L.C. in the not-to-exceed amount of \$170,349,474 inclusive of Options, for a period of 55 months from Notice-to-Proceed (NTP) for the midlife modernization of the 50 AnsaldoBreda P2550 LRVs.

#### ISSUE

Many of the critical systems and components on the AnsaldoBreda P2550 LRV fleet are experiencing parts obsolescence issues, lack of vendor support, and outdated technology. These deficiencies diminish the performance and maintainability of the fleet. By modernizing/overhauling and replacing these critical systems and components, this midlife Modernization Program will maintain the fleet's State of Good Repair (SGR) and ensure the continued safety, reliability, availability, and maintainability of the fleet for revenue service.

In May 2019, the Board authorized staff to issue a federally funded solicitation for a Best Value Request for Proposals (RFPs) as competitive negotiations pursuant to PCC § 20217 and Metro's procurement policies and procedures for the Midlife Modernization/Overhaul Program.

Staff's recommendation presents the firm that is most advantageous to Metro. Kinkisharyo's offer represents the Best Value to Metro when all technical and price factors are considered in accordance with the approved evaluation criteria. The Procurement Summary of this report (Attachment A) further describes the evaluation results and detailed rankings for all Proposers, including the weighted scores associated with each evaluation criteria.

## **DISCUSSION**

The primary objective of the project is to deliver safe, reliable, high quality overhauled LRVs that will be modernized to current technologies. By awarding this contract to Kinkisharyo, Metro will also create and retain local jobs tied directly to Kinkisharyo's participation in the U.S. Employment Plan (USEP) associated with the P2550 LRV Midlife Modernization/Overhaul Program.

The Scope of Work for the P2550 LRV Midlife Modernization/Overhaul Program includes the following critical systems and safety components: Vehicle Door Systems, Propulsion System Controllers, Friction Brake System Controllers, Trucks, Automatic Train Control (ATC)/Automatic Train Operation (ATO) System Controllers, Heating and Air Conditioning (HVAC) System, and Communication System Controllers.

Performing the Midlife Modernization/Overhaul Program is in accordance with the Rail Fleet Management Plan FY2015-FY2040 (Draft, May 24, 2016, v.8). The plan outlines the need to expand rail fleets to accommodate anticipated growth in ridership; line extensions; and to overhaul or replace vehicles reaching mid-life or end of life, as appropriate.

A Source Selection Committee (SSC), consisting of key Metro Operations staff, was assembled to conduct a comprehensive evaluation of the proposals received. The committee reviewed the proposals and evaluated five (5) key factors, weighted in descending levels of relative importance: 1) Experience and Past Performance, 2) Price, 3) Technical Compliance, 4) Project Management, and 5) USEP. The three proposals received were in compliance with the RFP requirements and determined to be within the Competitive Range.

Upon Board approval, Notice-to-Proceed (NTP) will be issued to the recommended vehicle contractor. The midlife modernization of the P2550 LRVs is scheduled to be completed within 55 months following NTP plus warranty phase. The required delivery dates have liquidated damage assessments that may be imposed for late deliveries.

## **USEP**

In January 2018, the Board moved to apply the U.S. Employment Plan to all of Metro's federally funded rolling stock procurements and related contracts with a minimum contract value of \$100 million. Metro's USEP is designed to create new and retain existing jobs created by the Proposers, providing that at least 10 percent of the jobs are targeted for defined disadvantaged populations.

Staff's goal of creating and retaining meaningful new manufacturing jobs that are tied to Metro's Rolling Stock overhaul program was achieved, as evidenced by the fact that the recommended Awardee, Kinkisharyo has committed to creating and retaining jobs totaling \$32,063,402 in wages and benefits. This equates to 143 FTE's for a period of 55 months plus warranty phase.

## **DETERMINATION OF SAFETY IMPACT**

The approval of this Contract award will have a direct and positive impact to system safety, service

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quality, system reliability, maintainability, and overall customer satisfaction. The P2550 Light Rail Vehicle Midlife Modernization Program will permit Metro to maintain the LRV fleet in a State of Good Repair.

## **FINANCIAL IMPACT**

Upon approval of recommendation A, the LOP budget for the P2550 Light Rail Program will increase to \$206,340,841 which reflects \$46,340,841 growth from the current \$160,000,000 LOP. With approval of Recommendation A, the project may execute Recommendation B to award the contract and fund support functions such as Professional Services, Metro Administration and other project activities as needed. Since this is a multi-year contract, the Chief Operations Officer, Project Manager, and cost center manager will be responsible for future fiscal year budgeting.

### **Impact to Budget**

The FY21 budget includes \$900,000 for professional services to continue procurement support for this contract. The budget is found under Project 214003 - P2550 Light Rail Vehicle Midlife Modernization Program, Cost Center 3043 for professional services. Approval of the recommendations and contract award will allow for award and early mobilization payments.

The current source of funds for this action is Prop A 35% Rail funds which are operating eligible. Using this funding source maximizes project funding use given approved guidelines and provisions. Staff continues to pursue additional Federal, State and Local funding sources as they become available.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports strategic plan goal # 1) to provide high-quality mobility options that enable people to spend less time traveling and #5) to provide responsive, accountable and trustworthy governance within the Metro organization.

## **ALTERNATIVES CONSIDERED**

Staff has considered using in-house Metro resources to perform this work. However, this approach is not recommended as Metro does not have sufficient resources and Subject Matter Experts available to perform this work.

The Board of Directors may choose not to authorize the Contract award for this project; however, this alternative is not recommended by Metro staff because the Overhaul Program is critical to maintaining a SGR on the 50 AnsaldoBreda P2550 LRVs and to enable the Maintenance department to effectively plan and schedule its work.

## **NEXT STEPS**

Upon Contract award, Metro will meet with Kinkisharyo for the Contract required Project Kick-off and Specification Review Meeting. During the same meetings, Metro will establish communication and

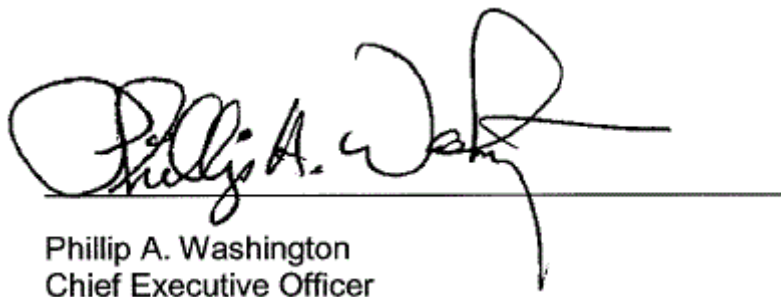
reporting protocols. Key milestones and deliverables, through the shipment of the first two pilot vehicles and delivery of the production vehicles will be discussed to ensure understanding and agreement of requirements to ensure expedient reviews and approvals.

### **ATTACHMENTS**

- Attachment A - Procurement Summary
- Attachment B - DEOD Summary
- Attachment C - Funding / Expenditure Plan
- Attachment D - USEP Board Motion dated January 18, 2018
- Attachment E - Metro Board Report dated May 16, 2019

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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## NAME OF PROJECT/CONTRACT NUMBER

1.	<b>Contract Number: P2550-2019</b>	
2.	<b>Recommended Vendor:</b> Kinkisharyo International, L.L.C.	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 06.05.2019	
	<b>B. Advertised/Publicized:</b> 06.06.19	
	<b>C. Pre-proposal/Pre-Bid Conference:</b> 06.26.19	
	<b>D. Proposals/Bids Due:</b> 11.01.19	
	<b>E. Pre-Qualification Completed:</b> TBD	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 02.18.21	
	<b>G. Protest Period End Date:</b> 03.25.21	
5.	<b>Solicitations Picked up/Downloaded:</b> 121	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Robert Pennington	<b>Telephone Number:</b> (213) 922-5527
7.	<b>Project Manager:</b> Annie Yang	<b>Telephone Number:</b> (213) 922-3254

**A. Procurement Background**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) desires to maintain the Metro P2550 Light Rail Vehicles (LRVs) in a state of good repair through its useful life by replacing and/or modernizing critical vehicle systems and subsystems. This is to enhance the LRVs safety, availability, and reliability through the anticipated useful life of 30 years. The P2550 LRV fleet consists of 50 LRVs manufactured by Ansaldo Breda between 2008 through 2012. LACMTA issued a Request for Proposal (RFP) "RFP P2550-2019 for the P2550 Light Rail Vehicle Modernization Program" to accomplish this mission.

This Board Action is to approve Contract No. P2550-2019 issued in support of the P2550 Light Rail Vehicle (LRV) Modernization/Overhaul Program.

The RFP was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price.

Nineteen (19) Amendments were issued during the solicitation phase of this RFP:

<b>Amend.</b>	<b>Date</b>	<b>Document Title</b>	<b>Section</b>	<b>Revision/Change</b>
No. 1	19-Jun-19	Letter of Invitation; Instructions to Bidders; Regulation Req.	Section One; IP-01; RR-21.E	Letter of Invitation - Submittal Date; Prequal Requirements; A&D Program
No. 2	25-Jun-19	Special Provisions; SOW; Comp; Bid For; Price Forms	SP-29; XIV; CP-02; PS- 1; PF-8	Conditional Acceptance and Acceptance of LRVs; Duties & Responsibilities; Milestone Payment; Submittal Checklist; Price Forms
No. 3	2-Jul-19	Letter of Invitation	Section One	Letter of Invitation - Submittal and Question Dates
No. 4	29-Jul-19	General Conditions Clause & Instructions to Proposers	GC-01B; GC-16A; GC- 21; GC-27B; IP-14H	Definitions; Final Acceptance; Changes; Termination for Default; Evaluation Process;
No. 5	9-Aug-19	Letter of Invitation; Submittal Requirements	Section One; PR-2.0, Tab 5	Letter of Invitation - Submittal Date; Tech Proposal (Vol 1)
No. 6	12-Aug-19	Letter of Invitation	Section One	Letter of Invitation - Submittal Date
No. 7	20-Aug-19	Special Provisions; Price Forms	SP-27; PF-02 & 06	Bonding Requirement; Battery & Spare Pricing
No. 8	9-Sep-19	Tech Specifications	TS 7.4.7.4	Heater Assembly
No. 9	18-Sep-19	Proposal Submittal Requirements	PR-2.0, Tab 5	Technical Proposal (Volume 1)
No. 10	20-Sep-19	Pricing Forms	PF-02	Batteries Pricing
No. 11	3-Oct-19	Letter of Invitation	Section One	Letter of Invitation - Submittal Date
No. 12	15-Jul-19	Letter of Invitation	Section One	Proposal Date
No. 13	10-Nov-20	Compensation and Provisions; Price Forms, SOW	CP-02; CP-03; CP-13, Attachment 2, Section III	Milestone Payment; Retentions, Escrow; Exemption from CA Sales Tax; Price Forms, TS-4 & 6 Options; TS-14
No. 14	19-Nov-20	Pricing Forms – BAFO II; Certifications, SOW	Attachment 2 & 4; SOW, Section III	BAFO II Pricing Forms; For 132; Certifications, Options
No. 15	24-Nov-20	Letter of Invitation; BAFO II Price Forms	Section I	Proposal Submittal Date and validity of proposal and the number of Proposal paper copies required; ATP&TWC PF
No. 16	01-Dec-20	Technical Specifications	TS 1 Attachment 3	Revise TS 1.4.2 Contractor Responsibility
No. 17	07-Dec-20	Letter of Invitation; BAFO Price Forms & Certifications	Section One; Attachment 2 & 4	Revise second paragraph shall be modified; Price Sheets and SCAQMD certification
No. 18	14-Jan-21	Letter of Invitation	Section One	Letter of Invitation - Submittal Date

No. 19	25-Jan-21	Letter of Invitation; Submittal Forms; Special Provision, SOW, Submittal Docs; Forms; Tech Specs	Section One, Attachment 4; SP-43, Section III, PR-1.0, Attachment 1	Letter of Invitation - Submittal Date; TF-1 Form; SP-43; TS-13; TS.4.4.1 & TS 14.4.10
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A total of three (3) proposals were received on November 1, 2019. A Pre-Proposal Conference was held on June 26, 2019 at Division 20 so vehicle inspections could be conducted over the following two (2) days.

Proposer Site visits and Interviews were conducted at each proposers manufacturing facility between March 4, 2020 and March 10, 2020. The purpose of the visit was to inspect and qualify the proposed manufacturing/assembly facilities and interview the Proposers prospective Project Team.

Responses to proposer’s questions were received throughout the solicitation period. Those questions not resulting in an Amendment were grouped and posted to the project data repository accessible to all planholders as Clarification responses. Seventeen (17) sets of Clarification responses were uploaded to the site from June 26, 2019 to January 31, 2021. All available drawings, manuals, and other reference material was also posted to the site.

**B. Evaluation of Proposals/Bids**

A Source Selection Committee (SSC) consisting of staff from Metro Operations was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

Proposal Evaluation Criteria	Points
1. Past Experience and Past Performance	300
2. Price	300
3. Technical Compliance	250
4. Project Management Experience	100
5. U.S. Employment Plan (USEP)	50
Total Available Points	1,000

The evaluation criteria are appropriate and consistent with criteria developed for other similar vehicle acquisition and overhaul procurements. The USEP is included as a mandatory criterion in accordance with the January 2018 Board Motion (File 2017-0904 Agenda Number 45). The evaluation criteria and their Subfactors were numerically scored and ranked for all responsive Proposers. Numerical scores will indicate the degree to which the Proposer's technical and price offer has met the standard for each criterion evaluated. The standard for each numerical value defined was used by the SSC as a guide during the evaluation process. Each SSC member also provided a narrative evaluation that supports the numerical scoring they present. Several factors were considered when developing these weights, giving the greatest importance to past experience and past performance on rail vehicle overhaul and integration or new rail vehicle acquisition.

All three of the proposals received were determined to be within the competitive range. The firms are listed below in alphabetical order:

1. Alstom Transportation, Inc.
2. Kinkisharyo International, L.L.C.
3. Talgo, Inc.

The proposal evaluation kick-off meeting was conducted on November 4, 2019 with the SSC and Technical Advisors (TAs) present. The TAs were used to support the SSC with their expertise in the relevant subject matter on various subsystems. Comments from the TAs were compiled and presented to the SSC on December 4, 2019. Request for Clarifications were sent to the Proposers on December 13, 2019 with a due date of January 15, 2020. New comments from the TAs were compiled and presented to the SSC on February 6, 2020

Oral presentations and Site Visits with each firm were scheduled with an equal amount of time for each. These presentations provided the SSC and TAs with their first meeting with the proposed teams and key personnel. Immediately following the oral presentations, the SSC conducted site visits to each of the firms proposed overhaul locations. These site visits were held the week of March 4, 2020 through March 10, 2020, covering trips to Kinkisharyo's Palmdale, CA facility, Alstom's Mare Island, CA facility and Talgo's Milwaukee, WI facility. The SSC were able to evaluate and assess each of the proposer's facilities along with the corresponding capability and capacity of the location.

The SSC considered the proposals, oral presentations, and the site visits in their initial proposal evaluation score. The price proposals were then opened and pre-



negotiation positions were established using the independently developed Engineers Estimate. Although pricing from the firms exceeded the Engineers Estimate and the project budget, the basis of the Estimate was reexamined and determined to be sound.

Notices were sent to all three of the Proposers targeting Mid-April, 2020 for the discussions/negotiations to be held virtually. Unfortunately, due to the pandemic threat of COVID-19, the discussions / negotiations were suspended due to governmental safety regulations. As the pandemic worsened, the entire project was suspended indefinitely on July 15, 2020.

In late September 2020, it was determined that the procurement process for this project be resumed. The Proposers were notified and met with the SSC virtually on November 4-6 to discuss the path forward and negotiate prices and technical requirements. The Proposers were notified of their respective strengths and weaknesses that could be enhanced in a Best and Final Offer (BAFO). The BAFO request was released on November 10, 2020 with a due date of December 11, 2020.

Each Proposer's BAFO submittal was reviewed by the SSC and all were determined to contain deficient or ambiguous elements that required reopening of discussions and provided the opportunity to resubmit responsive offers. These developments resulted in conducting discussions with each Proposer and clarifying Metro's commercial terms and technical specification requirements. On January 14, 2021, a second request for BAFO (BAFO II) was issued with a due date of February 3, 2021. Final evaluations of BAFO II were completed the week of February 10, 2021, and were used as the basis of the recommendation for award

#### US Employment Program

All Proposers were required to propose a level of participation in the United States Employment Program (USEP). This participation resulted in a normalized distribution of the 50 points allocated in accordance with their respective commitment value of the new and sustained jobs retained by each firm and added to the final evaluation score. Kinkisharyo proposed the highest USEP commitment value and therefore received the maximum incentive score.

#### Buy American Pre-Award Audit

As required by the RFP Buy America Requirements and in accordance with FTA requirements as stated in 49 CFR 663, a Buy America Pre-Award Audit was conducted the week of February 4, 2021. As a precaution, all three proposer firms were audited, and all were determined to satisfy the stated Buy America requirements.

## **Qualifications Summary of Firms Within the Competitive Range:**

### **Alstom Transportation, Inc.**

Alstom has proposed to perform this overhaul project out of its Mare Island, California facility. This dedicated manufacturing facility is located approximately 400 miles from Los Angeles and has been performing component replacements, overhauls, and extensive railcar repairs there for the past six years. The firm proposed to perform the railcar stripping, final assembly, and testing at this facility, while the engineering work would be generated out of its Naperville, Illinois site. Alstom Transport has extensive experience in U.S. railcar overhaul work, having overhauled or modernized nearly 5,100 railcars for many of the major transit agencies.

### **Kinkisharyo, Inc.**

Kinkisharyo has its US headquarters based in El Segundo, California and has proposed to perform this modernization out of its Palmdale, California production facility where it has been manufacturing the P3010 LRV since 2012. Kinkisharyo has manufactured over 15,000 LRVs worldwide since 1920 and in the US since the 1980s. Kinkisharyo has extensive LRV modernization experience with other US Transit Agencies in Dallas, Seattle, Atlanta and in Jersey City. Kinkisharyo is also known for being the only LRV manufacturer to maintain its own LRV fleet

### **Talgo, Inc.**

Talgo is headquartered in Seattle, Washington and has proposed to perform this modernization project out of its Milwaukee, Wisconsin production facility. Talgo intends to draw from its global engineering resources and relocate them to Milwaukee for this project. Talgo is one of the world's leading suppliers of rolling stock with a particular focus on extended lifecycle and service/reliability. While Talgo is primarily known globally as a railcar manufacturer, its experience also encompasses the U.S. market with new railcars, and overhaul and maintenance work for Amtrak, Oregon DOT, and Washington State DOT.

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>Alstom</b>				
3	<b>Proposal Evaluation Criteria</b>				
4	Past Experience and Past Performance	74.9	300	229.5	
5	Price		300	300.0	
6	Technical Compliance	76.5	250	192.2	
7	Project Management	76.3	100	76.8	
8	U.S. Employment Plan Evaluation		50	45.8	
9	<b>Total</b>			844.3	2

10	<b>Kinkisharyo</b>				
11	<b>Proposal Evaluation Criteria</b>				
12	Past Experience and Past Performance	83.6	300	251.5	
13	Price		300	268.8	
14	Technical Compliance	83.6	250	209.8	
15	Project Management	85.1	100	85.1	
16	U.S. Employment Plan Evaluation		50	50.0	
17	<b>Total</b>			865.2	1

18	<b>Talgo</b>				
19	<b>Proposal Evaluation Criteria</b>				
20	Past Experience and Past Performance	67.5	300	197.0	
21	Price		300	269.0	
22	Technical Compliance	68.2	250	171.8	
23	Project Management	61.2	100	62.3	
24	U.S. Employment Plan Evaluation		50	9.9	
25	<b>Total</b>			709.9	3

### **C. Cost/Price Analysis**

The recommended price has been determined to be fair and reasonable based upon adequate competition, technical evaluation, fact finding, and negotiations. While the award is being recommended to a proposer other than the lowest price offeror, Kinkisharyo's price is within 17.7% of the Independent Cost Estimate (ICE) and within 11.6% of the lowest price offer. Based on the technical evaluation and economic analysis, the recommended price addresses all cost elements and presents the best overall value when all evaluation factors are considered, including schedule risk, past performance, technical expertise, project management and U.S. jobs creation.

	<b>Proposer Name</b>	<b>Initial Proposal</b>	<b>BAFO II Proposal Amount</b>	<b>Metro ICE</b>
1.	Alstom	\$184,741,787	\$152,614,867	\$ 144,666,865
2.	Kinkisharyo	\$162,484,679	\$170,349,473	\$ 144,666,865
3.	Talgo	\$168,512,375	\$170,210,924	\$ 144,666,865

The Technical Specifications for this midlife modernization project contained work elements that could be exercised as options. The Option elements were included in the technical and price evaluation and can be unilaterally exercised at Metro's discretion. The following table provides the Base and Options pricing distribution.

	<b>Proposer Name</b>	<b>Base</b>	<b>Option</b>	<b>Total</b>
1.	Alstom	\$139,036,961.52	\$13,577,905.00	\$152,614,866.52
2.	Kinkisharyo	\$157,231,331.04	\$13,118,142.00	\$170,349,473.04
3.	Talgo	\$166,070,135.09	\$4,140,789.00	\$170,210,924.09

#### **D. Background on Recommended Contractor**

The recommended firm, Kinkisharyo, has been designing and manufacturing rail transit vehicles in Japan since 1920 and in North America since the 1980's. Kinkisharyo has been operating a manufacturing facility in Palmdale, California since 2012 where it is completing its work on LACMTA's order for two hundred thirty five (235) P3010 LRVs.

DEOD SUMMARY

**LIGHT RAIL VEHICLE (LRV) MIDLIFE MODERNIZATION/OVERHAUL PROGRAM /  
P2550-2019**

**A. Small Business Participation**

Kinkisharyo International, LLC is a Transit Vehicle Manufacturer (TVM) and is on the Federal Transit Administration's (FTA) list of eligible TVMs with a Disadvantaged Business Enterprise (DBE) overall goal methodology, in compliance with 49 Code of Federal Regulations (CFR) Part 26.49(a)(1). TVMs submit overall DBE goals and report participation directly to FTA. As such, Kinkisharyo International, LLC submitted its overall DBE goal of 9.00% to FTA for FY21.

**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.

**E. United States Employment Plan Program**

United States Employment Plan (USEP) Program is applicable on this Contract. DEOD staff within V/CM has been monitoring progress on USEP commitments, including the contractual commitment in creating employment opportunities. To date, Kinkisharyo has exceeded its USEP commitment in new wages and benefits.

**ATTACHMENT C**

**FUNDING USES and SOURCES PLAN**

**CP 214003 ANSALDO BREDA P2550 LIGHT RAIL VEHICLES MIDLIFE MODERNIZATION**

Description	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	Total	% of Total
<b>Uses of Funds</b>										
Project Administration	\$200,000	\$234,767	\$612,909	\$649,598	\$1,048,734	\$1,336,726	\$1,232,248	\$760,859	\$6,075,841	2.94%
Professional Services	\$350,000	\$500,000	\$1,554,000	\$1,935,400	\$1,852,200	\$1,178,200	\$82,400	\$187,800	\$7,640,000	3.70%
Modernization		\$3,500,000	\$5,079,900	\$30,516,333	\$45,620,333	\$38,746,834	\$26,765,600	\$21,771,000	\$172,000,000	83.36%
Contingency			\$5,800,000	\$5,800,000	\$3,725,000	\$3,700,000	\$3,700,000	\$3,700,000	\$20,625,000	10.00%
<b>Total Project Cost</b>	<b>\$550,000</b>	<b>\$4,234,767</b>	<b>\$7,246,809</b>	<b>\$38,901,331</b>	<b>\$52,246,267</b>	<b>\$44,961,760</b>	<b>\$31,780,248</b>	<b>\$26,419,659</b>	<b>\$206,340,841</b>	<b>100%</b>
<b>Sources of Funds</b>										
Local (PA Rail 35%) / State / Federal / Other	\$550,000	\$4,234,767	\$7,246,809	\$38,901,331	\$52,246,267	\$44,961,760	\$31,780,248	\$26,419,659	\$206,340,841	100%
<b>Total Project Funding</b>	<b>\$550,000</b>	<b>\$4,234,767</b>	<b>\$7,246,809</b>	<b>\$38,901,331</b>	<b>\$52,246,267</b>	<b>\$44,961,760</b>	<b>\$31,780,248</b>	<b>\$26,419,659</b>	<b>\$206,340,841</b>	<b>100%</b>

\*\* Staff will pursue additional federal funds that may become available through MAP-21 or other federal sources for this project to maximize availability of local fund sources. Staff will also substitute non federal funds as they become available to meet project requirements

**Board Report**

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**File #:** 2017-0904, **File Type:** Motion / Motion Response**Agenda Number:** 45.

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**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE  
JANUARY 18, 2018****Motion by:****Solis, Krekorian, Kuehl, Fasana, Garcetti, and Dupont-Walker****Item 45: Advancing Job Creation and Equity Outcomes with Manufactured Transit Equipment Procurements**

As the first transit agency in the nation to adopt a Construction Careers Policy, Metro has become a leader in harnessing the full potential of local investments by achieving and promoting family-supporting jobs in disadvantaged communities, improved equity outcomes, and cleaner transportation options for Los Angeles County.

For the purchase of new railcars and buses, Metro was also the first transit agency in the country to utilize the U.S. Employment Plan (USEP), which incentivizes manufacturers to create good local jobs and training programs, invest in new or existing manufacturing facilities and generate unprecedented opportunities for historically underserved communities. Metro's USEP was approved by the Federal Transit Administration for use on the P3010 Light Rail Car project, which awarded an \$890 million contract to railcar manufacturer Kinkisharyo International. The contract resulted in a new manufacturing facility in Los Angeles County and the creation of 404 high quality jobs. Metro has also employed localized versions of the USEP, known as the Local Employment Plan (LEP).

The USEP and LEP programs have elevated Metro's transparency related to the procurement of manufactured equipment by disclosing information about jobs, training, and equity commitments and reporting requirements from contractors. The USEP complies with the full and open competition requirements mandated in all federal contracting. Given the anticipated growth in Metro's transit operations, capital infrastructure program and associated procurements for manufactured transit equipment, it's prudent to maximize:

- 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 Los Angeles County.

**SUBJECT: Motion by Solis, Krekorian, Kuehl, Fasana, Garcetti, and Dupont-Walker****Advancing Job Creation and Equity Outcomes with Manufactured Transit Equipment Procurements**

WE THEREFORE MOVE that the Board direct the CEO to apply the USEP to all federally funded rolling stock procurements, and related contracts with a minimum contract value of \$100 million that prescribes inclusion of, but is not limited to, the following:

- A. Factors such as the total wages and benefits for quality jobs that would be newly created or retained in connection to a major capital project contract; a requirement that Disadvantaged Workers comprise at least 10% of the total new wages, and benefits; identification of the location (s) of manufacture and assembly of the major capital projects; investment in new or existing facilities; investment in training, workforce development and apprenticeship programs;
- B. Include an evaluation mechanism in the USEP proposal scoring criteria that represents a meaningful level of the overall possible points for a Best Value proposal evaluation; and
- C. Enforcement mechanisms requiring awardees to submit quarterly reports regarding compliance with USEP commitments by Contractor and any Subcontractors after contract awards. The quarterly report shall summarize the major actions taken during the prior quarter during implementation of the USEP, and progress toward the attainment.





## Board Report

File #: 2019-0057, File Type: Contract

Agenda Number: 22.

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### OPERATIONS SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MAY 16, 2019

**SUBJECT: P2550 LIGHT RAIL VEHICLES MIDLIFE MODERNIZATION - REQUEST FOR PROPOSAL SOLICITATION AND ESTABLISH LOP**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

A. AUTHORIZING the Chief Executive Officer (CEO) to solicit a Best Value Request for Proposals (RFPs), as competitive negotiations, pursuant to Public Contract Code (PCC) §20217 and Metro's procurement policies and procedures for the midlife modernization of Metro's P2550 Light Rail Vehicles (LRV's); and

(REQUIRES 2/3 VOTE OF THE FULL BOARD)

B. ESTABLISHING a Life of Project budget (LOP) of \$160 million for the midlife modernization of Metro's fifty (50) P2550 LRVs; for CP 214003 (P2550 Light Rail Vehicle Mid-Life Modernization). This is an initial estimate for the midlife project; adjustments will be made once proposals are received and evaluated.

#### **ISSUE**

The P2550 fleet, consisting of 50 Light Rail Vehicles (LRVs), is reaching its recommended period for mid-life modernization. Due to age, service loads, and increased difficulties with maintaining the fleet, this mid-life work is required to maintain fleet reliability, maintainability, and State of Good Repair. Additionally, it is an opportunity to upgrade systems to provide our customers with the latest transit amenities. Deferment of this work, at a minimum, will result in degradation of performance to critical systems, potentially impacting safe, reliable, and maintainable operations.

#### **BACKGROUND**

Currently, 50 P2550 LRV's are assigned to the Gold Line; operating from Azusa to East Los Angeles, via Union Station (29.7 miles, each direction). The LRV's are on average 10 years old from date of acceptance and have an average mileage of approximately 720,000 revenue service miles.

The manufacturer's recommended frequency for overhaul/midlife modernization work to the major systems and sub-systems is at 5, 10, and 15 year intervals. Metro's Rail Fleet Services (RFS) and Rail Vehicle Acquisitions (RVA) coordinate to schedule and perform the required work. RFS has developed and implemented component level refurbishment programs to repair and/or overhaul key systems and components that are currently impacting service reliability for this fleet. The removal and replacement of overhauled components and systems is performed in-house. In parallel, RVA develops a modernization plan, performed at the fleet's mid-life, to upgrade critical systems that have, or are about to become obsolete. In addition, this opportunity is used to upgrade features to provide our customers the latest transit amenities. These include but are not limited to improved lighting, ADA signage, passenger announcements systems, security & surveillance systems, and an Automatic Passenger Counting system. Due to the complexity of the work, the midlife modernization work is outsourced.

## **DISCUSSION**

The P2550 LRV's have reached the point at which the recommended midlife modernization must be initiated for it to be completed at or near mid-life. The need for the midlife modernization work is evident due to the fleet's age, the observed wear and tear, the increased maintenance demands, and the increased challenges with repairing and replacing obsolescent parts and obtaining supplier support.

It is in the public's interest to utilize competitive negotiation rather than a sealed bid process to consider factors other than price in the award of contracts for vehicles and refurbishment of vehicles, as allowed under PCC §20217. Staff recommends the use of Best Value solicitations to allow for the consideration of technical and commercial factors, as well as price, in the contract award process. By establishing explicit factors that identify Metro's definition of best value, the solicitation can use important evaluation criteria to augment price considerations such as past performance related to schedule adherence, quality, reliability, vehicle performance, and a U.S. Employment program, as mandated by new Board policy.

In addition to the ability to evaluate key technical and schedule factors, the Best Value Request for Proposal process permits direct discussions and negotiations with proposers to clarify requirements and cost prior to an award recommendation. This process minimizes the risks associated with a complex specification and scope of work by allowing the parties to clarify ambiguities and correct deficiencies.

## **DETERMINATION OF SAFETY IMPACT**

The approval of this capital project will have a direct and positive impact to safety, service quality, system reliability, performance, and overall customer satisfaction.

## **FINANCIAL IMPACT**

Adoption of Recommendation A will not have any financial impact to the agency at this time. Adoption of Recommendation B will require establishing a LOP budget of \$160 million for this project in Cost

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Center 3043 - Rail Vehicle Acquisition, capital project 214003 - Metro P2550 Light Rail Vehicle (LRV) Midlife Modernization Project.

This is an initial estimate for the project, including professional services, Metro administration and contractor costs. Final LOP will be adjusted once bids are evaluated and the final selection has been made.

Since this is a multi-year contract/project, the cost center manager, will be responsible for budgeting the costs in future years, including any options exercised.

#### Impact to Budget

The initial source of funds for this capital project will be Prop A 35%, which is eligible for rail operating and capital activities. This project is part of the Rail Development Program. Metro staff will continue pursuing federal and local funding to maximize the use of funds for this project.

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports strategic plan goal #1) to provide high-quality mobility options that enable people to spend less time traveling and # 5) to provide responsive, accountable and trustworthy governance within the Metro organization.

#### **ALTERNATIVES CONSIDERED**

The Board of Directors may choose not to authorize the life-of-project (LOP) budget for this project; however, this alternative is not recommended by Metro staff because without proceeding with this midlife modernization work, the safety, reliability, performance and maintainability of the P2550 LRV's may be compromised. Alternatively, deferring the midlife modernization will present a growing challenge to ensure maintaining a State of Good Repair, adequate reliability, performance, passenger comfort, and passenger safety.

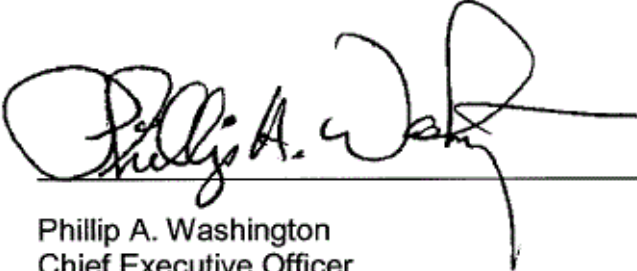
In addition, procurement by a low bid process was considered but is not recommended. The sealed bid process does not adequately account for any technical superiority of performance, reliability, or system life cycle costs that on firm's equipment or solution may have over another since the process must award to the lowest responsive and responsible bidder. For these reasons, staff does not recommend this alternative. The competitively negotiated procurement process will provide for evaluation of critical non-price related factors in the selection process.

#### **NEXT STEPS**

If this action is approved, staff will proceed with competitively negotiated best value solicitations for the midlife modernization of the P2550 vehicles.

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Phillip A. Washington  
Chief Executive Officer