



Board Report

File #: 2022-0443, File Type: Contract

Agenda Number: 24.

**CONSTRUCTION COMMITTEE
AUGUST 18, 2022**

SUBJECT: EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT PROJECT, PUBLIC PRIVATE PARTNERSHIP FOR SOLAR PANELS AT MAINTENANCE AND STORAGE FACILITY

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer (CEO) to award and execute a public-private partnership (P3) Contract No. PS84743000, East San Fernando Valley Light Rail Maintenance and Storage Facility Solar and Energy Storage System Public Private Partnership, for a maximum duration of 15 years, with PCS Energy LLC pursuant to Public Utilities Code Section 130242, in the amount of \$1,063,190, for Phase 1 (Preconstruction design services) subject to the resolution of any timely protest(s), if any. Pricing for Phase 2 (Finance, design, supply, installation, and commissioning) and Phase 3 (Monitor systems performance and oversight of Metro O&M activities) will be negotiated in the future with a not to exceed margin percentage of 10% and 12%, respectively; and
- B. ESTABLISHING Contract Modification Authority (CMA) for 10% of the not-to-exceed contract award value and authorizing the CEO to execute individual Contract Modifications within the CCMA and within the project budget authorization.

ISSUE

Pursuant to Public Utilities Code Section 130242, and with Board approval on October 28, 2021, staff solicited competitive proposals to use a P3 procurement method as an alternative delivery project method to design, build and finance a solar panel system at the maintenance and storage facility (MSF) for the East San Fernando Valley (ESFV) Light Rail Transit Project (Project). This P3 contract satisfies a federal Expedited Project Delivery Grant requirement for a P3 component to be integrated within the overall Project.

BACKGROUND

The Project is a light rail system that will extend north from the Van Nuys Metro G-Line station to the

Sylmar/San Fernando Metrolink Station, a total of 9.2 miles with 14 at-grade stations. The Metro Board certified the Final Environmental Impact Report on December 3, 2020. The Project achieved a Record of Decision on January 29, 2021. Included in the Project environmental document was the initial operating segment (IOS) defined as the southern 6.7 miles of the Project alignment. The IOS is street running in the middle of Van Nuys Boulevard and includes 11 at-grade stations along with the maintenance facility. The final design for select advanced utility relocations is also being advanced. The Project includes an MSF that covers approximately 21-acres and includes several buildings that are an opportunity to implement a solar photovoltaic (PV) power system.

As the IOS was cleared and the design has advanced, the IOS portion of the Project is proceeding into the next phase of final design and construction, and the procurement process for a Progressive Design Build Contractor began in the Summer of 2022. The remaining northern 2.5-mile environmentally cleared segment is going through additional analysis as directed by the Board in December 2020 and is not included in the IOS.

In April 2021, the Board approved the ESFV Project as a priority for pursuing a grant from the Federal Transit Administration (FTA) Expedited Project Delivery (EPD) Pilot Program. In May 2022, the FTA agreed that the Project is eligible for a grant of up to \$908.7 million. The federal grant requires a P3 component to be included as part of the Project. In addition to meeting the requirements of the EPD Grant and helping to achieve sustainability objectives, this P3 contract will provide an opportunity for Metro to engage with the private sector to manage cost, schedule, and performance of the PV power system over a long-term contract.

DISCUSSION

PCS Energy LLC, was selected for recommendation following the competitive P3 procurement process to provide the funds (including finance charges) for the capital costs, and be responsible for the design, procurement and installation of the solar panels, battery energy storage system and related infrastructure. Metro will use the power generated by the PV system to provide an estimated 70% of the electrical requirement for the MSF on an annual basis. Excess power not used will be stored and could provide power when weather or seasonal variability impacts solar exposure. Availability payments for the P3 contractor will include scheduled payments over the life of the contract for the capital cost and for oversight and assistance for operations and maintenance of the PV system. Availability payments will also be based on requirements for system performance, efficiency, and reliability.

Per available heat assessment data, the San Fernando Valley experiences maximum temperatures upwards of 20°F hotter than other parts of Los Angeles, and the number of days above 95°F (extreme heat days) is at least 5 times that of other, more coastal areas of the region. Metro will use the power generated by the PV system to provide an estimated 70% of the electrical requirement for the MSF on an annual basis, to ultimately operate and maintain the fleet and system, including during extreme heat or other high-energy demand events. Excess power not used will be stored and could provide power when weather or seasonal variability impacts solar exposure. The PV system will assist in California's Flex Alert when high temperatures threaten California's electric grid. The PV system will also help conserve energy when demand for power could outstrip supply, which generally

occurs during heat waves when electrical demand is at its highest.

Metro Union employees will perform operations and maintenance of the PV power system under current Metro Labor Agreements. However, the P3 contractor will work with Metro Operations to provide protocols, procedures, and guidance to oversee and assure the PV system continues to meet performance metrics over the life of the contract.

Metro's experience with this type of contract has been successful on the Metro Support Services Center (MSSC) Solar Energy & Energy Conservation Equipment Project - A Public/Private Partnership, where a similar P3 contract was used for the contractor to design and install the PV system, and Metro Labor forces provided the operations and maintenance under Metro Labor Agreements. Under the Services Center P3 contract, the contractor also provided professional guidance and training for operations and maintenance of the PV system over a long-term contract.

In addition to a price factor, the competitive solicitation included evaluation criteria structured to facilitate the selection of a qualified proposer with experience in design and construction of PV power systems, experienced technical and management personnel, demonstrated experience with third-party permitting and approvals, and proven strategies for implementing a collaborative approach.

DETERMINATION OF SAFETY IMPACT

This Board action will have no adverse impacts on safety standards for Metro. The contract provisions require P3 team members to follow the direction of the Metro construction safety policies and procedures to ensure that safety is the highest priority during oversight of all phases of construction.

FINANCIAL IMPACT

This Project is funded on a fiscal year basis under Project number 865521 East San Fernando Valley Light Rail Transit Corridor, cost center 8510, under various accounts including Professional/Technical Services and \$248,236,500 is included in the FY23 Adopted Budget. This is a multi-year project requiring expenditure authorizations in fiscal year increments until a Board Authorized Life of Project Budget is adopted. It is the responsibility of the Cost Center Manager, Project Manager and Chief Program Management Officer to budget for this project in the future fiscal years.

Impact to Budget

There are no impacts to the FY 23 Budget. In the future, there may be a small impact during the term of the P3 agreement to Operations eligible funding as Metro would be responsible for the operations and maintenance of the solar panels and battery energy storage system. Annual O&M costs and availability payments will be budgeted in future fiscal years.

EQUITY PLATFORM

To ensure maximum opportunity for participation on this contract, Metro staff performed extensive outreach to the small business community, including those within the Disadvantaged Business Enterprise (DBE) community. The solicitation was advertised through periodicals of general circulation (i. e., Asian Journal, LA Daily News, La Opinion, and LA Sentinel), posted on Metro's Vendor Portal, and an e-mail notice to small businesses with applicable NAICS codes. Also, a virtual Industry Outreach Event was held on December 3, 2021. The Proposal Evaluation Team was comprised of department personnel that was gender diverse. The selected firm made a DBE commitment of 8.94%. This commitment exceeds the DEOD recommended goal of 5%.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Project supports the following strategic goals:

Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The purpose of the Project is to provide high-capacity transit service in the San Fernando Valley.

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

The at-grade light rail system will attract bus ridership and improve the trip experience for users of the transportation system.

Strategic Goal 3: Enhance communities and lives through mobility and access to opportunity. With 11 stations, including connections to Metro G-Line and Metrolink, the ESFV enhances mobility to the community.

Strategic Goal 4: Transform LA County through regional collaboration and national leadership. Collaboration with the elected officials, citizens, and Metro patrons of San Fernando Valley continues to positively impact the Project.

ALTERNATIVES CONSIDERED

The Metro Board may reject the recommended action and direct staff to pursue a capital construction project to be designed and built by Metro. Staff does not recommend this approach, as alternatives that do not include a P3 component would impact the submitted EPD grant application. With the EPD Program funded on a first come/first-serve basis, and with limited funding authorized and appropriated by Congress, staff recommends utilizing the P3 contracting method for the Maintenance and Storage Facility Solar Panels for the ESFV Project.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS84743000 with PCS Energy LLC for the East San Fernando Valley Light Rail Maintenance and Storage Facility Solar and Energy Storage System

Public Private Partnership.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by:

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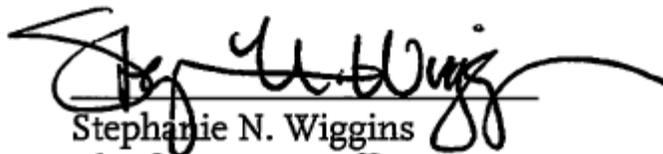
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PROCUREMENT SUMMARY

**EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT PROJECT, PUBLIC
PRIVATE PARTNERSHIP FOR SOLAR PANELS AT MAINTENANCE AND
STORAGE FACILITY/PS84743000**

1.	Contract Number: PS84743000	
2.	Recommended Vendor: PCS Energy LLC	
3.	Type of Procurement (check one): <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.	Procurement Dates:	
	A. Issued: March 25, 2022	
	B. Advertised/Publicized: March 25, 30-31, 2022, and April 6, 2022	
	C. Pre-Proposal Conference: April 6, 2022	
	D. Proposals Due: May 31, 2022	
	E. Pre-Qualification Completed: July 14, 2022	
	F. Conflict of Interest Form Submitted to Ethics: June 2, 2022	
	G. Protest Period End Date: August 23, 2022	
5.	Solicitations Picked up/Downloaded: 82	Bids/Proposals Received: 2
6.	Contract Administrator: Lily Lopez	Telephone Number: (213) 922-4639
7.	Project Manager: Monica Born	Telephone Number: (562) 524-0597

A. Procurement Background

This Board Action is to approve Contract No. PS84743000 issued in support of a Public-Private Partnership (P3) for the design, build, finance, and oversight of operations and maintenance of solar photovoltaic (PV) power (commonly known as solar panels) generation system at the maintenance and storage facility for the East San Fernando Valley (ESFV) Light Rail Transit Project. Board approval of contract awards are subject to resolution of any properly submitted protest.

Prior to the release of the solicitation, Metro held a virtual Industry Outreach Event on December 3, 2021, to provide general information of the upcoming procurement opportunity and allow for prospective proposers to network and ask questions. The event also informed the small business community of the upcoming contracting opportunity and to increase and promote DBE participation.

The Request for Proposals (RFP) was issued in accordance with Metro's Acquisition Policy under a P3 firm-fixed price contract. The RFP was issued with a DBE goal of 5%

Three (3) amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on April 27, 2022, provided revisions related to the DEOD DBE Forms and Instruction to Proposers and extended the proposal due date to May 31, 2022;

- Amendment No. 2, issued on June 28, 2022, after receipt of proposals, provided revised Form 70 (Phase 2 and 3 Margin Percentage) and requested submission of best and final offers (BAFOs).
- Amendment No. 3, issued on July 8, 2022, provided revised Form 70 and Cost Allocation Matrix for Phase 2 Margin Percentage.

A virtual pre-proposal conference was held on April 6, 2022, attended by 33 participants representing 25 firms. A total of 19 questions were asked and responses were released prior to the proposal due date.

A total of 82 firms downloaded the RFP and were included in the planholders list. A total of two proposals were received on May 31, 2022, from the following firms:

- Ameresco, Inc. (Ameresco)
- PCS Energy LLC (PCSE)

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro’s Program Management, Countywide Planning, and Environmental Services Department was convened and conducted a comprehensive technical evaluation of the proposals received.

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

- | | |
|-----------------------------|-----------|
| • Capability and Experience | 35 points |
| • Project Understanding | 10 points |
| • Project Approach | 35 points |
| • Price | 20 points |

The evaluation criteria are appropriate and consistent with criteria developed for other, similar solar panels generation system procurements. Several factors were considered when developing these weights, giving the greatest importance to the capability, experience and project approach. The PET evaluated the proposals according to the pre-established evaluation criteria.

In addition, the price evaluation criteria consisted of three sections with pre-established parameters to reflect the phases of the project designed to establish a level playing field and to arrive at one price that would be evaluated with the understanding that only the amount listed under Phase 1 would be used for the Contract Value (subject to clarification and/or negotiations) as follows:

1. Phase 1 Pre-Construction Lump Sum Fee;
2. Phase 2 Margin Percentage – (for evaluation purposes only) with an estimated contract price for Phase 2 of \$4,750,000;

3. Phase 3 Margin Percentage – (for evaluation purposes only) with an estimated Phase 3 contract price of \$500,000.

During the period of June 2 to June 13, 2022, the PET members independently evaluated and scored the technical proposals. Both firms were invited for oral presentations on June 21, 2022, which provided each firm the opportunity to present each team's qualifications and respond to PET's questions.

Following the interviews, the PET finalized technical scores based on both written proposals and the oral presentations. On June 22, 2022, the PET agreed that the final ranking of proposals scored PCSE's proposal as the highest ranked firm. The PET concluded that PCSE's proposal presented the highest degree of capability and experience as well as demonstrated the best understanding of the project approach.

Qualifications Summary of Firms:

PCSE

Overall, PCSE demonstrated strong technical capabilities, thorough implementation plan and direct relevant experience working on similar types of projects. PCSE has applied and achieved net energy metering and interconnection agreements, including with Los Angeles Department of Water and Power (LADWP). The Project Manager and Energy Resource Manager have experience on alternative delivery projects through the concept, design and construction phases on privately finance projects of similar size. Their implementation plan showed an in-depth understanding of the project along with anticipated challenges and solutions based upon other projects. PCSE also demonstrated direct experience with transparent cost estimating and emphasized the importance of communication within their team, their client and third parties.

Ameresco

Overall, Ameresco demonstrated the technical capabilities to design and construct the project but did not demonstrate the experience of applying and achieving net energy metering and interconnection agreements with LADWP. Ameresco's Project Manager appeared to have relevant experience and the structure of the team showed an understanding of the project. The challenges and solutions presented showed Ameresco understood the key issues and approach to implementation of the project but lacked some details on collaborative, transparent pricing.

A summary of the PET scores is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	PCSE				
3	Capability and Experience	77.14	35.00%	27.00	
4	Project Understanding	86.70	10.00%	8.67	
5	Project Approach	78.08	35.00%	27.33	
6	Price	100.00	20.00%	20.00	
7	Total		100.00%	83.00	1
8	Ameresco				
9	Capability and Experience	58.09	35.00%	20.33	
10	Project Understanding	80.00	10.00%	8.00	
11	Project Approach	72.86	35.00%	25.50	
12	Price	77.30	20.00%	15.46	
13	Total		100.00%	69.29	2

C. Price Analysis

The recommended price has been determined to be fair and reasonable based upon an independent cost estimate (ICE), adequate price competition, technical evaluation, fact finding, and BAFOs.

	Proposer Name	Proposal Amount	Metro ICE	Award Amount
1.	PCSE	\$1,063,190 (Phase 1)	\$1,180,000	\$1,063,190 (Phase 1)
		10% Margin Percentage (Phase 2)		10% Margin Percentage (Phase 2)
		12% Margin Percentage (Phase 3)		12% Margin Percentage (Phase 3)
2.	Ameresco	\$1,077,096.83 (Phase 1)		
		20% Margin Percentage (Phase 2)		
		8% Margin Percentage (Phase 3)		

D. Background on Recommended Contractor

The recommended firm, PCSE, located in Culver City, California, was established in 2016. PSCE operates within the Renewable Energy Semiconductor Manufacturing sector, providing services and products addressing the demand of the entire energy grid ecosystem by creating innovative electric vehicle charger solutions, demand response tools, and solar development.

PSCE has installed 200+ solar power systems in the Los Angeles area ranging from 30kW systems up to 1MW. These projects include government buildings, such as airports and other city-owned lands. Other projects are commercial, including hotel chains, factory warehouses, large multifamily buildings.

The proposed Project Manager has several years of experience in the solar development process: O&M, procurement, project development, and project management. The proposed Project Manager will be the lead project developer in the solar and storage installation.

DEOD SUMMARY

**EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT PROJECT, PUBLIC PRIVATE
PARTNERSHIP FOR SOLAR PANELS AT MAINTENANCE AND STORAGE FACILITY/
PS84743000**

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 5% Disadvantaged Business Enterprise (DBE) goal for this project. PCS Energy LLC exceeded the goal by making an 8.94% DBE commitment on Phase 1.

Small Business Goal	5% DBE	Small Business Commitment	8.94%
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Phase 1:

	DBE Subcontractors	Ethnicity	% Committed
1.	Indian Energy, LLC	Native American	8.94%
Total DBE Commitment			8.94%

Phase 2 & 3:

PCS must achieve DBE participation in each of Phase 1, Phase 2, and Phase 3 by demonstrating a DBE participation percentage of greater than 0% of each of the Phase 1 Contract Price, Phase 2 Contract Price, and the Phase 3 Contract Price.

PCS Energy LLC will be required to commit to meet or exceed the DBE goal for the Project at the time of negotiation of the Implementation Supplement for the Phase 2 Work and Phase 3 Work, and prior to issuance by Metro of the Notice to Proceed for Phase 2.

If the PCS Energy LLC's DBE commitment for the Phase 2 Work and Phase 3 Work is less than the stated DBE goal, PCS Energy LLC will be required to submit at the time of Implementation Proposal submission for Phase 2 Work and Phase 3 Work, its Good Faith Efforts (GFE) documentation evidencing that it made adequate GFE to achieve the stated goal.

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 requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial

Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

D. Project Labor Agreement/Construction Careers Policy

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