

**Board Report**

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**File #:** 2022-0677, **File Type:** Contract**Agenda Number:** 41.

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**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE  
NOVEMBER 17, 2022****SUBJECT: NEW HR5000 HEAVY RAIL VEHICLES PROCUREMENT****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to solicit competitive negotiations Request for Proposals (RFPs), pursuant to Public Contract Code (PCC) §20217 and Metro's procurement policies and procedures for the acquisition of new Heavy Rail Vehicles (HRVs).

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

**ISSUE**

One hundred eighty-two (182) new HRVs are required to meet the revenue service requirements, including enhanced service capacity for the Westside Purple Line Extensions 2 & 3 and to address the state of good repair issues associated with the existing B/D (Red/Purple) Line fleet.

Staff has determined that the new HRV solicitation constitutes a specialized rail transit equipment purchase. This determination renders it appropriate that the new HR5000 HRVs be procured by a competitively negotiated process in accordance with PCC § 20217. PCC § 20217 states that the Board, upon a finding by two-thirds vote of all members, may find that the competitive low bid procurement method is not adequate for the agency's needs, and direct that the procurement be conducted through competitive negotiation. This competitive negotiation process is the same procurement model Metro used for previous new and midlife modernization rail vehicles procurement projects, including P3010 New LRVs Procurement, HR4000 New HRVs Procurement, P2000 LRV Midlife Modernization, and P2550 LRV Midlife Modernization projects.

**BACKGROUND**

The existing B/D (Red/Purple) Line fleets (A650) consists of 104 HRVs; a base order of 30 HRVs and an option order of 74 HRVs. Metro accepted the base fleet between 1992 and 1993. The option fleet was accepted between 1997 and 1999. Based on a 30-year useful life, the base order HRVs are scheduled for retirement between 2022 and 2023 and the option order HRVs between 2027 and 2029.

In accordance with the Rail Fleet Management Plan (RFMP) FY2020-FY2040, the rail fleet will need

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to be expanded to accommodate anticipated growth in ridership, support future line extensions and service expansions, and replace vehicles reaching the end of their useful revenue service life. These one hundred eighty-two (182) new HRVs not only include services for Purple Line Extensions 2 & 3, they also accommodate the future replacement of the current aging seventy-four (74) A650 Options HRVs, as well as meeting the eventual 4 minute headway service expansion on the system (Purple) Line.

## **DISCUSSION**

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 rail vehicles as allowed under PCC § 20217. The competitive negotiation process allows consideration of factors other than price that could not be adequately quantified or considered in a strictly low bid procurement.

Staff recommends the use of a competitive negotiation process for the acquisition of the HR5000 HRVs to allow for the consideration of technical and commercial factors, such as past performance related to schedule adherence, quality, reliability, after market support, and vehicle performance, as well as price in the contract award selection process. By establishing explicit factors that identify Metro's priorities, the solicitation can use evaluation criteria important to Metro to augment price considerations.

In addition to the ability to evaluate key technical and schedule factors, the competitive negotiation 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 recommendation will have a direct and positive impact to safety, service quality, system reliability, performance, and overall customer satisfaction as the current HRV fleet is nearing the end of its useful life.

## **FINANCIAL IMPACT**

Once the proposals are evaluated and a qualified contractor is selected, a fully funded requisition shall be initiated to start the solicitation processes as per VCM policies. In the event the award value is greater than planned, project staff shall return to the board with the award amount and LOP approval or adjustment as needed. Funding for this action is included in future revenue projections. Since this project will occur over a multi-year period, the Cost Center Manager, Project Manager and Chief of Operations will be responsible for future fiscal year budgeting.

### **Impact to Budget**

Upon approval, the recommendation shall be funded with a combination of Federal, State and Local funds primarily consisting of Proposition A Sales Tax. Use of these funding sources currently maximizes funding allocations given approved funding provisions and guidelines. With the various

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contract options within the solicitation, this recommendation supports the Measure M program under PLE2 and PLE 3 as well as Operations State of Good Repair efforts. Fiscal Year funding may be required to enact this project and shall be funded via a net zero budget transfer from approved FY23 funded projects. To maximize funding eligibility and create the most jobs possible, staff recommends that the HRV procurement remain eligible for federal funding, including following all federal procurement guidelines.

### **EQUITY PLATFORM**

Part of the new HR5000 procurement will be used to replace existing, aged option order HRVs. The remaining HRVs will be used to support service expansions and the opening of Purple Line Extensions 2 & 3. Expansion of ridership is anticipated with service expansions of the HRT system. The new HR5000 HRVs will be equipped with the latest vehicular technologies not only with improvements on vehicle safety, reliability, and maintainability, but as well as improvements on ride comfort and passenger information system (both visual and audio). Approving this recommendation will support the planned service expansions and will encourage a fair, competitive bidding process.

The new HRVs will operate on lines that are currently serving passengers living in majority Equity Focus Communities that rely on public transportation for their daily jobs. Based on the 2019 Customer Survey, the Red and Purple heavy rail lines serve the following ridership:

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

Ethnicity:

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

Please refer to Attachment A for Metro's current rail line map showing the areas of Metro's Equity Focus Communities (EFCs) that will benefit from this board decision.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) goal for this procurement as it is not applicable. This procurement falls under the Federal Transit Administration's (FTA) Transit Vehicle Manufacturer (TVM) goal in accordance with 49 Code of Federal Regulations (CFR) Part 26.49.

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

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

### **ALTERNATIVES CONSIDERED**

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The Board of Directors may choose to procure HRVs using a low bid process, but this methodology is not recommended. The sealed bid process does not adequately account for any technical superiority of performance, reliability, or system life cycle costs that one 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 the evaluation of critical non-price related factors in the source selection process.

**NEXT STEPS**

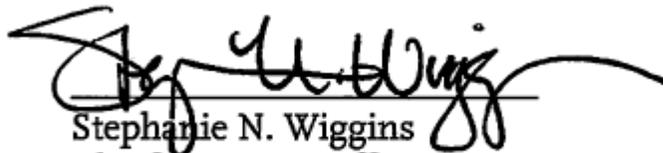
Staff will proceed with a competitively negotiated solicitation for the acquisition of the new HR5000 HRVs.

**ATTACHMENTS**

Attachment A - Metro EFC Map - 2022

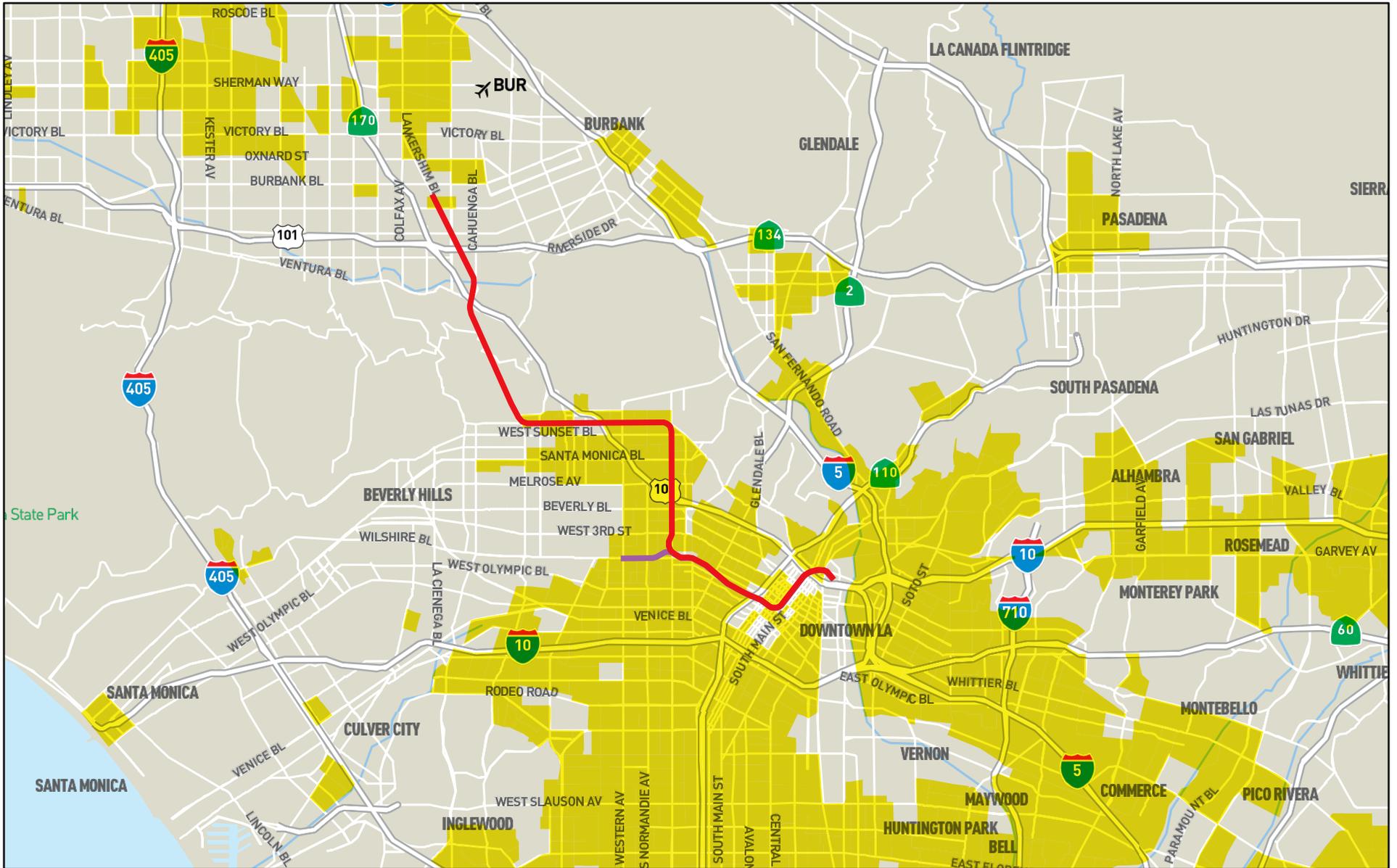
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Stephanie N. Wiggins  
Chief Executive Officer

# Attachment A\_Metro EFC Map - 2022



10/27/2022

- Metro Rail and Busway (Existing)
  - D Line (Purple)
  - B Line (Red)
- EFCs (Updated 2022)

