



## Board Report

File #: 2025-0007, File Type: Contract

Agenda Number: 11.

### CONSTRUCTION COMMITTEE FEBRUARY 19, 2025

**SUBJECT: SOUTHEAST GATEWAY LINE PROJECT - ADVANCED WORKS CONSTRUCTION  
MANAGER/GENERAL CONTRACTOR PHASE 1**

**ACTION: AWARD CONTRACT**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD Contract No. PS119518000 to Flatiron-Herzog, a SGL Joint Venture, for the Southeast Gateway Line Light Rail Transit (LRT) Project (Project) Advanced Works Construction Manager/General Contractor (CM/GC) Phase 1 in the amount of \$10,543,240 for Preconstruction Services, subject to the resolution of properly submitted protest(s), if any;
- B. ESTABLISH a Preconstruction Budget for the Project in an amount of \$997,750,195; and
- C. NEGOTIATE and EXECUTE all project-related agreements and modifications within the authorized Preconstruction Budget.

#### **ISSUE**

Staff is seeking the Board's approval for three items: (1) award the Advanced Works CM/GC contract; (2) establish a Preconstruction Budget for the Project; and (3) negotiate and execute all project-related agreements and modifications within the authorized Preconstruction Budget. The Preconstruction Budget is inclusive of the CM/GC contract and all previously awarded contracts, incurred expenses to date, anticipated additional preconstruction activities performed by the CM/GC, and existing architectural and engineering (A&E) and professional services contracts for the Project, Right-of-Way (ROW) acquisitions, and unallocated contingency, all as summarized in the expenditure and funding plan for the Preconstruction Budget as shown in Attachment A.

#### **BACKGROUND**

In April 2024, the Board certified the Final Environmental Impact Report (EIR) for the Project, a 14.5-mile LRT line with nine stations from a northern terminus at the Slauson/A Line Station located in the City of Los Angeles/Florence-Firestone unincorporated area of LA County to a southern terminus at the Pioneer Station located in the City of Artesia and includes a new C Line infill station at the I-105

Freeway. The Project also provides for the inclusion of five parking facilities and a Maintenance and Storage Facility (MSF) in the City of Bellflower. In August 2024, the Federal Transit Administration (FTA) approved the Final Environmental Impact Statement (EIS) and issued a Record of Decision (ROD), marking the completion of the environmental phase of the Project.

Parallel workstreams were implemented to advance high-risk project activities such as utilities and freight relocation, which included obtaining Board approval of the A&E and Program Management Support Services (PMSS) contracts in November 2023 and February 2024, respectively. These actions and the team's early due diligence efforts enabled the Project to achieve a significant milestone of utility relocation by a private third-party, starting with the utility groundbreaking that was held in October 2024, shortly after FTA's issuance of the ROD. In addition, Metro successfully submitted all deliverables required to complete the Project Development phase of the Federal New Starts Capital Investment Grants (CIG) program in August 2024. Furthermore, the FTA approved Metro's request for a Letter of No Prejudice (LONP) on January 17, 2025. The LONP would allow Metro to incur costs in the amount of \$985,093,626 prior to executing a Federal Funding Grant Agreement (FFGA) and retain eligibility for reimbursement after grant approval.

The Project will be delivered in two tranches starting with: (1) CM/GC for Advanced Works, including utility adjustments, hazardous soil abatement, freight relocation, and grade crossings construction; followed by (2) a later procurement phase, which will include construction of the LRT guideway, stations, and MSF. Utilizing CM/GC for Advanced Works provides the benefit of the construction contractor's input, especially constructability reviews, during the design phase before the start of construction.

To move into preconstruction services, the Project will utilize this CM/GC contract and will continue to utilize support from Metro staff and previously awarded and existing contracts and agreements, as listed below.

<b>Contract (Firm Name, Contract No.)</b>	<b>Contract Value</b>	<b>Invoiced To Date</b>
Advanced Engineering Services (HDR Engineering, Inc., Contract No. AE104903000)	\$75,407,476	\$27,943,215
Supplemental Engineering Services (HDR Engineering, Inc., Contract No. AE59600000)	\$14,344,207	\$12,831,500
Project Controls Support Services (KTJV, Contract No. PS898560000)	\$692,141	\$263,221
Environmental Support Services (Kleinfelder, Contract No. EN66937000)	\$1,326,995	\$991,700
Right-of-Way Support Services	Under Procurement	Under Procurement
Program Management Support Services (WSP, Contract No. AE107133000)	\$99,999,105	\$2,878,879

**DISCUSSION**

Findings

Staff recommends using CM/GC for the Advanced Works scope because it enables Metro to engage a General Contractor to act as the “Construction Manager” consultant and collaborate with Metro and the professional services consultants. The CM/GC process provides the ability to effectively integrate benefits from the collaborative process and the early engagement of construction experts that will enable Metro to make informed decisions during the design process and provide substantive benefits to the project. Further, the CM/GC delivery method for this project could also improve construction quality, provide higher certainty on the final construction cost and delivery schedule, and minimize risks related to construction change orders, disputes, and third-party delays during construction.

The CM/GC will deliver the Advanced Works scope in two distinct contract phases. The Preconstruction Budget not only establishes Phase 1, the Preconstruction Phase, which allows the contractor to work with the A&E consultants and Metro to provide constructability expertise, assess risks, provide cost estimates, and refine the project schedule, but also includes budget for professional services and ROW acquisitions. During Phase 1, Metro will work with the CM/GC Contractor to explore opportunities to accelerate the delivery schedule, as well as leverage their expertise to refine and develop the completed design in a direction that remains within approved project budgets. As the design approaches completion, the CM/GC Contractor and Metro negotiate the contract price for Phase 2, the Construction Phase. If both the CM/GC and Metro reach an agreement on the Construction Phase costs, then the second contract phase (Construction Phase) will begin, and Metro will execute a Contract Supplement and issue a Notice to Proceed (NTP) for Phase 2, pending future Board approval.

At any stage during the Preconstruction Phase, Metro can exercise an “off-ramp” and seek another contractor by procurement of the construction work based on the Project’s final design, while still benefitting from the previous work performed by the CM/GC Contractor. The CM/GC Phases are described in more detail below:

- Phase 1 Preconstruction Services expressly sets out the work that the Contractor will perform, such as design review and preparation, pricing, and negotiation of Early Works Packages.
- Upon issuance of NTP for Phase 1, the Contractor, A&E design consultant, and Metro will work side by side to review constructability, undertake value engineering, conduct site investigations, assess market conditions, and provide current contractor price estimates, risk assessments, and construction schedules at each successive prescribed design interval to finalize the design.
- Throughout Phase 1, the Contractor will provide Metro with Opinion of Probable Costs (OPCs), which are detailed cost estimates that will enable staff to evaluate the projected Project costs against the Project budget and make necessary adjustments to the scope or schedule.
- If, after review and negotiation of the final OPC, both parties agree to a final Guaranteed Maximum Price (GMP) or Lump Sum (LS) for Phase 2, staff will seek Board approval to award Phase 2 construction to the Contractor. If not, Metro has the option to off-ramp the remaining Work, and package the design documents into a separate bid package. This off-ramp will be available for Metro throughout any time of Phase 1 as staff evaluates each OPC.
- Throughout the negotiations of Phase 2, Metro will maintain the following parameters to mitigate discrepancies and to increase the likelihood of project success:
  - Contractor’s Phase 2 lump sum management fee and Phase 2 Margin Percentage initially proposed will be retained in all OPCs;
  - Phase 1 specification sets out the form and frequency of OPCs to provide for multiple checkpoints for Metro;
  - CM/GC contract sets out the conditions of the price proposal for Phase 2 and the information that the Contractor is required to submit;
  - CM/GC contract sets out a clear governance structure for managing Phase 1, including the establishment of working groups that include members from Metro, the contractor team, and any relevant third parties; and
  - Process for establishing all OPCs will employ transparent open-book methods and the use of Independent Cost Estimates (ICE) to validate pricing.

By utilizing the CM/GC approach to deliver and construct the Advanced Works scope, the construction contractor will provide feedback during the design development phase before the start of construction. The design team will work collaboratively with the CM/GC staff and incorporate input in

constructability, Project phasing, and value engineering ideas as the design progresses. Metro plans to issue several Early Works Packages to initiate critical activities during Phase I. This approach aims to expedite the project by including soils abatement and advanced utility relocations within the corridor cities. These activities are essential precursors to relocating the freight infrastructure.

Establishment of Preconstruction Budget

The Preconstruction Budget is comprised of the following estimated expenditures anticipated through FY 2027.

<b>Expenditure Type</b>	<b>Amount (\$ in millions)</b>	
A. Construction including hazardous soils abatement and advanced utility relocations (by self-performing utilities and CMGC)	\$172.8	Includes CMGC Early Works Packages
B. High priority ROW acquisitions	\$449.3	<u>Proposed</u> budget covers the estimated cost of the priority parcels, not all project related parcels. Approval of <u>ROW</u> budget is required prior to Metro making offers. <u>ROW</u> acquisition amount shown is through FY 2027 only.
C. Professional services (A&E, ROW, environmental, and program management support services)	\$234.5	Includes incurred expenditures to date
D. Unallocated contingency	\$80.6	[A+B+C-\$50.6 (actuals)] X 10%
E. Expenditures prior to New Starts Project Development	\$60.6	
<b>Total</b>	<b>\$997.8</b>	

The FTA recently approved a LONP in the amount of \$985,093,626 for critical early works activities that would be eligible for reimbursement after FFGA award. Expenditures for ROW acquisition and utility relocation are covered under pre-FFGA-award authority and are therefore not included in the LONP amount. The LONP allows reimbursement for expenditures on early critical activities including hazardous soils abatement, railroad relocation, and grade crossings.

**DETERMINATION OF SAFETY IMPACT**

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The Project is being planned and designed per Metro and all applicable regulatory and jurisdictional requirements. Approval of the Preconstruction Budget for the Project will have no impact on safety.

### **FINANCIAL IMPACT**

The funds required in FY25 for the Phase 1 Preconstruction Services are included in the adopted budget under cost Center 8510 Project number 860201, under various accounts, including professional and technical services. Annual budgeting within the approved preconstruction budget for the future fiscal years will be the responsibility of the Project Manager, Cost Center Manager, and the Chief Program Management Officer.

#### **Impact to Budget**

The source of funds for Recommendation A of this action is Measure R 35%, which is not eligible for bus and rail operations.

The sources of funds for the Preconstruction Budget are as listed in Attachment A.

### **EQUITY PLATFORM**

This Project will benefit communities through the addition of a new high-quality reliable light rail transit which will increase mobility and connectivity for the historically under-served and transit-dependent communities along the corridor. Approval of the contract will allow staff to advance the project and maintain the schedule to complete the line for service by 2035. The Diversity and Economic Opportunity Department (DEOD) established a 28% Disadvantaged Business Enterprise (DBE) goal for Phase 1 of the project. The recommended firm exceeded the goal by making a 29.43% DBE commitment. To ensure DBEs were informed of the contracting opportunity, Metro conducted a Virtual Outreach Event on November 1, 2023, with 280 attendees, as well as a pre-proposal conference, with 45 attendees, on May 7, 2024.

The Project will provide a much-needed transit connection, improving access to jobs by directly connecting to the Metro C Line (Green), Metro A Line (Blue), and LA County's broader regional transit network. The new contract will continue to work with stakeholders and communities to keep them informed of project updates.

In 2017 (the first year of environmental analysis), Black, Indigenous, and People of Color (BIPOC) residents comprised 65 percent of the total Study Area population, with Hispanic/Latino groups alone accounting for 51 percent of the total population. In addition, 44 percent of Study Area residents live below the poverty level, which is higher than the County average of 33 percent, and 18 percent of households do not own a car. The Project will serve a high-travel demand corridor with a significant population that relies on public transportation.

The entire LPA qualifies as an Environmental Justice (EJ) corridor and the corridor cities of Bellflower, Paramount, South Gate, Cudahy, Bell, and Huntington Park are also identified as LA Metro's Equity Focus Communities. Since initiating the Project Study, staff has conducted extensive outreach efforts for corridor communities and has continued to engage project stakeholders through

a variety of forums, platforms, languages, and access methods, including special outreach efforts to people of color, low-income populations, limited English proficiency populations, and persons with disabilities. Project development has been directly influenced by this engagement, as discussed above. Metro staff will continue to reengage communities as a part of the completion of the final environmental document, as well as the Slauson/A Line to LAUS Study, to help define the project, including alignment profile, station locations, and design.

### **VEHICLE MILES TRAVELED OUTCOME**

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.\* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

Vehicle Miles Traveled (VMT) was analyzed for this item through the VMT analysis completed for the Southeast Gateway Line Final EIS/EIR. The analysis identified a reduction in VMT due to the implementation of the project compared to conditions without the project, which demonstrates a benefit from the project and a less than significant impact from an environmental standpoint. Specifically, the VMT analysis in the Final EIS/EIR identified a reduction in daily regional VMT of 130,900 miles compared to the Horizon Year (2042) No Build Alternative conditions. The VMT analysis for the Cycle 7 TIRCP application identified a reduction in regional VMT of 6.6 billion miles over the life of the project.

\*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

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

The Project supports the following strategic plan goals identified in Vision 2028:

- Goal 1: Provide high- quality mobility options that enable people to spend less time traveling
- Goal 3: Enhance communities and lives through mobility and access to opportunity and
- Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to move forward with awarding Phase 1 of the CM/GC Contract for the Project and establishing the Preconstruction Budget. Staff does not recommend this alternative because the project benefits of using CM/GC Preconstruction Services for the Project would not be realized, which include improved design quality, enhanced efficiencies, a guaranteed maximum budget principal, and lower risk for future construction change orders. Furthermore, Metro will incur undesirable schedule delays and cost increases.

### **NEXT STEPS**

Upon Board approval, staff will execute Contract No. PS119518000 with Flatiron-Herzog, a SGL Joint Venture. Metro staff will engage the CM/GC contractor to initiate Phase 1 Preconstruction Services in coordination with the A&E consultant and PMSS consultant to complete the final design. Staff will return to the Board to seek approval of the Phase 2 Construction Project Budget and funding for remaining ROW parcels by FY27. Staff will also keep the Board informed of our progress in securing additional funds as the Project moves forward.

### **ATTACHMENTS**

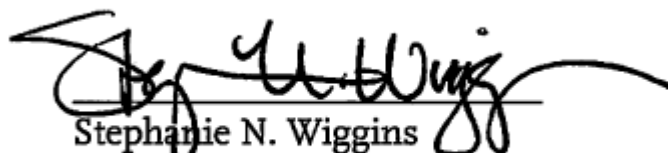
Attachment A - Southeast Gateway Line Funding and Expenditure Plan

Attachment B - Procurement Summary

Attachment C - DEOD Summary

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Stephanie N. Wiggins  
Chief Executive Officer



Attachment A  
Preconstruction Funding & Expenditure Plan\*

(\$ in millions)	Precon.		2024	2025	2026
	Total	Prior	2025	2026	2027
<b>USES OF FUNDS</b>					
<b>FFGA Eligible Expenses (New Starts)</b>					
Construction Costs	172.8	-	23.8	51.4	97.6
ROW/Land Existing Improvements	449.3	0.1	4.0	217.9	227.3
Professional Services	234.4	50.5	60.2	60.7	63.0
Unallocated Contingency	80.6	-	8.8	33.0	38.8
<b>Subtotal</b>	<b>\$937.1</b>	<b>\$50.6</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>
<b>Non-Federally Eligible Expenses (New Starts)</b>					
Expenses Prior to Project Development (460201)	60.6	60.6			-
<b>Subtotal</b>	<b>\$60.6</b>	<b>\$60.6</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL USES</b>	<b>\$997.8</b>	<b>\$111.2</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>
<b>SOURCES OF FUNDS</b>					
<b>Federal Revenue</b>					
Federal TOD Planning Grant	2.0	2.0	-	-	-
FTA Community Project Funding	11.0	-	-	11.0	-
<b>Federal Revenue Subtotal</b>	<b>\$13.0</b>	<b>\$2.0</b>	<b>\$0</b>	<b>\$11.0</b>	<b>\$0</b>
<b>Local Revenue</b>					
Prop A - Rail Development Account (35%)	264.2	6.1	-	143.4	114.7
Measure R - Transit Capital (35%)	227.2	82.7	96.8	21.0	26.6
Measure R - Highway Projects (20%)	75.0	-	-	-	75.0
Prop C - Transit-Related Highway (25%)	117.3	1.4	-	84.0	32.0
Measure M - Transit Construction (35%)	282.1	-	-	103.7	178.4
Measure R - Admin (1.5%)	0.5	0.5	-	-	-
<b>Local Revenue Subtotal</b>	<b>\$966.3</b>	<b>\$90.7</b>	<b>\$96.8</b>	<b>\$352.0</b>	<b>\$426.7</b>
<b>State Revenue</b>					
SB1 - Local Partnership Program	18.5	18.5	-	-	-
<b>State Revenue Subtotal</b>	<b>\$18.5</b>	<b>\$18.5</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL SOURCES</b>	<b>\$997.8</b>	<b>\$111.2</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>

\* Preconstruction includes construction Early Works Packages.

**PROCUREMENT SUMMARY**

**SOUTHEAST GATEWAY LINE PROJECT ADVANCED WORKS  
CONSTRUCTION MANAGER/GENERAL CONTRACTOR (CM/GC)  
CONTRACT NO. PS119518000**

1.	<b>Contract Number:</b> PS119518000	
2.	<b>Recommended Vendor:</b> Flatiron-Herzog, a SGL Joint Venture	
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> April 25, 2024	
	<b>B. Advertised/Publicized:</b> April 25, 2024	
	<b>C. Pre-Proposal Conference:</b> May 7, 2024	
	<b>D. Proposals Due:</b> July 16, 2024	
	<b>E. Pre-Qualification Completed:</b> December 2, 2024	
	<b>F. Ethics Declaration Forms submitted to Ethics:</b> July 17, 2024	
	<b>G. Protest Period End Date:</b> February 26, 2025 (Estimated)	
5.	<b>Solicitations Downloaded:</b> 124	<b>Proposals Received:</b> 5
6.	<b>Contract Administrator:</b> Fred Leung	<b>Telephone Number:</b> (213) 922-8914
7.	<b>Project Manager:</b> June Susilo	<b>Telephone Number:</b> (562) 524-0532

**A. Procurement Background**

This Board Action is to approve Contract No. PS119518000 issued in support of the Construction Manager/General Contractor (CM/GC) project delivery method for the Southeast Gateway Line (SGL) Advanced Works Project. Board approval of contract awards are subject to resolution of any properly submitted protest(s), if any.

Prior to the release of the solicitation, Metro initiated an Industry Review (IR) process and released the draft Request for Proposals (RFP) and draft CM/GC contract to the transportation construction industry. The purpose of the IR was to solicit feedback on the proposed scope and phasing of the utility adjustment and freight relocation work, and on the contract’s terms and conditions. Metro conducted one-on-one meetings with prospective contractors to discuss the scope, phasing, and proposed project delivery approach. This initiative aimed to enhance the likelihood of receiving competitive proposals for the solicitation. The one-on-one meetings were held virtually on November 15 and 16, 2023, with four firms participating. Metro addressed the 71 consolidated comments received during the IR process and posted the public responses on the Vendor Portal on February 05, 2024.

The RFP was issued in accordance with Metro’s Acquisition Policy, and the contract type is Construction Manager/General Contractor (CM/GC). The Diversity & Economic Opportunity Department recommended a Disadvantaged Business Enterprise (DBE) goal of 28% for Phase 1 – Pre-Construction Services. The DBE goal for Phase 2 – Construction, will be determined by Metro in accordance with the contract, should Phase 2 work proceed.

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

- Amendment No. 1, issued on May 17, 2024, revised RFP Appendix B and C and various sections of the contract and contract exhibits.
- Amendment No. 2, issued on June 12, 2024, extended the Proposal Due Date and revised RFP Section 1 – Letter of Invitation and various sections of the contract and contract exhibits.
- Amendment No. 3, issued on June 26, 2024, revised Appendix D – Section 4.11 of the RFP and revised various contract exhibits.

A virtual pre-proposal conference was held on May 7, 2024, and was attended by 45 participants representing 21 firms. Three (3) sets of questions and responses were released before the proposal due date.

A total of 124 downloads of the RFP were recorded in the planholders’ list. A total of five (5) proposals were received on July 16, 2024.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of the Gateway Cities Council of Governments and staff from Metro’s Project Management Office, Countywide Planning & Development, and Program Control was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following weighted evaluation criteria:

- |                             |                  |
|-----------------------------|------------------|
| • Capability and Experience | 35 Points        |
| • Project Understanding     | 10 Points        |
| • Project Approach          | 30 Points        |
| • Cultural Competency       | 5 Points         |
| • Price                     | <u>20 Points</u> |
|                             | 100 Points       |

Several factors were considered when developing these point values, giving the greatest importance to Capability and Experience. Additionally, a criterion of 5 points was allocated for proposers to demonstrate their approach to Cultural Competency.

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

1. Phase 1 Pre-Construction Lump Sum Fee
2. Delay Compensation Rate (daily) for Phase 1 with an assumed estimated quantity of 90 days of Compensable Delay during Phase 1 (for evaluation purposes only)
3. Phase 2 Management Lump Sum Fee, assuming a 36-month period of performance for Phase 2 work (for evaluation purposes only)
4. Phase 2 Margin Percentage, assuming a construction cost of \$450,000,000 (for evaluation purposes only)

Of the proposals received, all five were determined to be within the competitive range and are listed below in alphabetical order:

1. Advanced Work Builders (Joint Venture of Myers & Sons Construction, LLC; Railworks Track Services, LLC; Sully-Miller Contracting, Co.; and Colas Construction USA, Inc.)
2. Balfour Beatty Infrastructure, Inc. (Balfour Beatty)
3. Flatiron-Herzog, a SGL Joint Venture (Flatiron-Herzog JV)
4. Kiewit Infrastructure West Co. (Kiewit)
5. Southeast Gateway Constructors (Joint Venture of Skanska USA Civil West; and Stacy & Witbeck, Inc.)

During August and September 2024, the PET reviewed and scored each proposal. On October 11, 2024, the PET met and received Oral Presentations from all five firms. The Proposers' project managers and key team members had an opportunity to present each team's capability and experience, and its understanding and approach to the Project scope. Each team was asked questions regarding their previous experience related to delivering a similar Project. Following oral presentations, staff requested and received clarifications on proposed personnel from all firms.

## **Qualifications Summary of Firms within the Competitive Range**

### **Flatiron-Herzog JV**

Flatiron-Herzog JV effectively demonstrated extensive experience with similar projects and proposed a highly qualified team with a strong background in public transportation. Their proposal clearly articulated a comprehensive understanding of

the project and their approach to performing the Phase 1 work. Flatiron-Herzog JV received the highest scores in both the technical and price proposal evaluations. Their proposal achieved the top scores across all evaluation criteria, including a score of 4.13 out of 5 for Cultural Competency. Furthermore, Flatiron-Herzog JV exceeded the established goal by committing to a 29.43% DBE participation, which was the highest DBE commitment among the five Proposers.

### **Southeast Gateway Constructors**

Southeast Gateway Constructors demonstrated strong qualifications and experience in their proposal, supported by a highly capable team and a clear understanding of the project requirements. They presented a solid approach to executing similar projects and provided detailed insights into their methodologies.

### **Kiewit**

Kiewit presented a qualified team with a solid understanding of the project's scope and an effective approach to addressing its challenges. Their proposal demonstrated a reasonable grasp of the project's risks and opportunities and outlined clear strategies for managing these elements.

### **Advanced Work Builders**

Advanced Work Builders presented an experienced team with a strong understanding of the project scope, risks, and opportunities. Their proposal demonstrated a comprehensive approach to addressing the project's challenges.

### **Balfour Beatty**

Balfour Beatty presented a team with strong corporate experience in railroad-related projects and an approach suitable for the project. However, their background was more focused on Design-Build or Design-Bid-Build methodologies, rather than the CM/GC project delivery method. Their proposed cost was the highest among the five proposers, which placed them lower in the competitive range.

After a thorough evaluation review of proposals and the oral presentations, the PET's recommendation in the order of ranking is shown in the table below:

1	Proposer Name	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>Flatiron-Herzog JV</b>				
3	Capability and Experience	87.14	35%	30.50	
4	Project Understanding	81.20	10%	8.12	
5	Project Approach	80.20	30%	24.06	
6	Cultural Competency	82.60	5%	4.13	
7	Price	100	20%	20.00	
8	<b>Total</b>		<b>100%</b>	86.81	<b>1</b>
9	<b>Southeast Gateway Constructors</b>				
10	Capability and Experience	81.97	35%	28.69	
11	Project Understanding	76.30	10%	7.63	
12	Project Approach	77.97	30%	23.39	
13	Cultural Competency	72.40	5%	3.62	
14	Price	93.85	20%	18.77	
15	<b>Total</b>		<b>100%</b>	82.10	<b>2</b>
16	<b>Kiewit</b>				
17	Capability and Experience	73.57	35%	25.75	
18	Project Understanding	75.00	10%	7.50	
19	Project Approach	74.97	30%	22.49	
20	Cultural Competency	70.00	5%	3.50	
21	Price	91.55	20%	18.31	
22	<b>Total</b>		<b>100%</b>	77.55	<b>3</b>
23	<b>Advanced Work Builders</b>				
24	Capability and Experience	69.83	35%	24.44	
25	Project Understanding	71.30	10%	7.13	
26	Project Approach	73.33	30%	22.00	
27	Cultural Competency	72.40	5%	3.62	
28	Price	83.00	20%	16.60	
29	<b>Total</b>		<b>100%</b>	73.79	<b>4</b>

<b>30</b>	<b>Balfour Beatty</b>				
<b>31</b>	Capability and Experience	51.60	35%	18.06	
<b>32</b>	Project Understanding	55.00	10%	5.50	
<b>33</b>	Project Approach	57.97	30%	17.39	
<b>34</b>	Cultural Competency	60.00	5%	3.00	
<b>35</b>	Price	70.65	20%	14.13	
<b>36</b>	<b>Total</b>		<b>100%</b>	58.08	<b>5</b>

**C. Cost/Price Analysis**

The recommended Phase 1 Lump Sum Fee and Delay Compensation Rate, and Phase 2 Management Lump Sum Fee and Margin Percentage have all been determined to be fair and reasonable based upon review of an independent cost estimate (ICE), cost analysis, technical evaluation, additional fact finding, and negotiations with the highest ranked Proposer.

<b>Proposer Name</b>	<b>Proposed Amount</b>	<b>Metro ICE</b>	<b>Award Amount</b>
Flatiron-Herzog JV	<b>\$10,543,239 (Phase 1 Lump Sum Fee)</b>	<b>\$16,900,000 (Phase 1 Lump Sum Fee)</b>	<b>\$10,543,239 (Phase 1 Lump Sum Fee)</b>
	<b>\$14,600/day (Phase 1 Delay Compensation Rate)</b>	<b>A Range of \$17,900 - \$32,000/day (Phase 1 Delay Compensation Rate)</b>	<b>\$12,300/day (Phase 1 Delay Compensation Rate)</b>
	<b>\$232,600/month (Phase 2 Management Lump Sum Fee)</b>	<b>\$234,000/month (Phase 2 Management Lump Sum Fee)</b>	<b>\$232,600/month (Phase 2 Management Lump Sum Fee)</b>
	<b>8% (Phase 2 Margin Percentage)</b>	<b>A Range of 8% -12% (Phase 2 Margin Percentage)</b>	<b>8% (Phase 2 Margin Percentage)</b>
Southeast Gateway Constructors	\$12,112,321 (Phase 1 Lump Sum Fee)		
	\$10,000/day		

	(Phase 1 Delay Compensation Rate)		
	\$234,000/month (Phase 2 Management Lump Sum Fee)		
	8.5% (Phase 2 Margin Percentage)		
Kiewit	\$11,708,904 (Phase 1 Lump Sum Fee)		
	\$10,000/day (Phase 1 Delay Compensation Rate)		
	\$218,752/month (Phase 2 Management Lump Sum Fee)		
	9% (Phase 2 Margin Percentage)		
Advanced Work Builders	\$11,960,520 (Phase 1 Lump Sum Fee)		
	\$10,000/day (Phase 1 Delay Compensation Rate)		
	\$220,320/month (Phase 2 Management Lump Sum Fee)		
	10% (Phase 2 Margin Percentage)		
Balfour Beatty	\$16,858,602 (Phase 1 Lump Sum Fee)		
	\$31,000/day		



	(Phase 1 Delay Compensation Rate)		
	\$225,000/month (Phase 2 Management Lump Sum Fee)		
	10% (Phase 2 Margin Percentage)		

The price evaluation criteria included in the RFP consisted of price elements with pre-established parameters to reflect the phases of the project. All firms proposed pricing within the pre-established parameters.

The final recommended Phase 1 Lump Sum Fee is lower than Metro’s ICE due to the following factors:

- The ICE was initially developed with several full-time key personnel allocated to support the Phase 1 effort, in contrast, Flatiron-Herzog JV’s proposal incorporated part-time staff to support Phase 1 and the associated scope of work, which is considered reasonable.
- Flatiron-Herzog JV also proposed lower overhead rates compared to those included the Metro’s ICE.

Staff successfully negotiated a reduction in the Phase 1 Delay Compensation Rate.

**D. Background on Recommended Contractor**

**Flatiron-Herzog, a SGL Joint Venture (Flatiron-Herzog JV)**

The managing partner of the Joint Venture (JV), Flatiron West, Inc. (Flatiron) is based in Chino, California and has 75 years of experience in delivering complex civil and transit projects. Flatiron has worked on 745 projects in California since 1991. Of these, 138 are located in the Los Angeles area, including the current G-Line Bus Rapid Transit Improvements and I-105 Express Lanes projects.

Herzog Contracting (Herzog), the other JV Partner, is headquartered in Long Beach, California. A leading track and heavy civil contractor with 55 years of experience, Herzog specializes in large-scale rail projects across the United States. The company has also collaborated with transit agencies across the U.S. to deliver \$7.7 billion in collaborative delivery projects.

The Flatiron-Herzog JV was formed specifically for this endeavor, combining their expertise in CM/GC and alternative project delivery methods to bring innovative solutions and resources to the project.



## DEOD SUMMARY

**SOUTHEAST GATEWAY LINE PROJECT - ADVANCED WORKS  
CONSTRUCTION MANAGER/GENERAL CONTRACTOR – PHASE 1  
PS119518000**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 28% Disadvantaged Business Enterprise (DBE) goal for Phase 1 of the project. Flatiron-Herzog, A SGL Joint Venture (FHJV) made a 29.43% DBE commitment for Phase 1.

<b>Small Business Goal</b>	<b>28% DBE</b>	<b>Small Business Commitment</b>	<b>29.43% DBE</b>
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**Phase 1**

	<b>DBE/SBE Subcontractors</b>	<b>ETHNICITY</b>	<b>% Committed</b>
1.	JLM Staffing Solutions dba JLM Strategic Partners	African American Female	5.77%
2.	Kroner Environmental, Inc.	Non-Minority Female	7.65%
3.	Modern Times, Inc.	Hispanic American	1.97%
4.	QN Management Solutions, Inc.	Asian Pacific American	4.80%
5.	RVI CM, Inc	Hispanic American	6.17%
6.	TSG Enterprises, Inc. dba The Solis Group	Hispanic American Female	3.07%
	<b>Total Commitment</b>		<b>29.43%</b>

**Phase 2**

DEOD will establish the DBE goal for Phase 2 Work in accordance with the provisions of the Contract. Prior to submittal of the Phase 2 Work Proposal, DEOD will notify FHJV of the DBE goal established for the Phase 2 Work. FHJV will be required to meet or exceed the goal at the time of submission of its Phase 2 Work Proposal or demonstrate Good Faith Efforts (GFE) to do so.

**B. Local Small Business Enterprise (LSBE) Preference**

LSBE preference is not applicable to federally funded procurements. Federal law (49 CFR § 661.21) prohibits the use of local procurement preferences on FTA-funded projects.

**C. Small Business Engagement and Outreach Plan (EOP)**

Proposers were required to submit a Small Business Engagement Outreach Plan (EOP) as part of its proposal, evidencing how it will engage and outreach to the small and disadvantaged business community on contracting opportunities for all phases of the contract work. FHJV met the requirement.

**D. Contractor Outreach and Mentoring Plan (COMP)**

The Contractor Outreach and Mentoring Plan (COMP) is not applicable to Phase 1. FHJV must 1). submit a detailed COMP when submitting any Early Works Package request worth \$25 million or more and 2). submit an updated COMP with its Phase 2 Work Price Proposal. FHJV must mentor at least four (4) DBE firms during the Phase 2 Work.

**E. Living Wage and Service Contract Worker Retention Policy Applicability**

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

**F. Prevailing Wage Applicability**

Prevailing Wage requirements are applicable to this contract. 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).

**G. Project Labor Agreement/Construction Careers Policy (PLA/CCP)**

PLA/CCP is not applicable on Phase 1- Pre-Construction (Design) portion of the contract wherein construction work is very limited. However, PLA/CCP is applicable on the Phase 2 – Work (Construction) portion of this contract to include all Early Work Packages that have contract value more than \$2.5 million and above.



# CM/GC Advanced Works Contract Award

SOUTHEAST GATEWAY LINE

Construction Committee

February 19, 2025



# Southeast Gateway Line

## RECOMMENDATION:

Authorize the CEO or designee to:

- A. AWARD Contract No. PS119518000 to Flatiron-Herzog Joint Venture, for the Southeast Gateway Line Light Rail Transit (LRT) Project Advanced Works Construction Manager/General Contractor (CM/GC) Phase 1 in the amount of \$10,543,240 for Preconstruction Services, subject to the resolution of protest(s), if any;
- B. ESTABLISH a Preconstruction Budget for the Project in an amount of \$997,750,195; and
- C. NEGOTIATE and EXECUTE all project-related agreements and modifications within the authorized Preconstruction Budget.

# Southeast Gateway Line – CM/GC Advanced Works Scope



- CM/GC Advanced Works addresses key risks to the project prior to construction of the light rail guideway, stations, and maintenance facility.
- Key risks to be addressed by CM/GC
  - Hazardous soils
  - Utility conflicts
  - Union Pacific Railroad freight relocation
  - Grade crossings
  - I-105 Express Lanes interface potentially including C Line Infill Station and median construction on the I-105





# Procurement Evaluation

Proposer Name	Weighted Average Score	Flatiron-Herzog JV	Southeast Gateway Constructors	Kiewit	Advanced Work Builders	Balfour Beatty
<b>Capability and Experience</b>	35	30.50	28.69	25.75	24.44	18.06
<b>Project Understanding</b>	10	8.12	7.63	7.50	7.13	5.50
<b>Project Approach</b>	30	24.06	23.39	22.49	22.00	17.39
<b>Cultural Competency</b>	5	4.13	3.62	3.50	3.62	3.00
<b>Price</b>	20	20.00	18.77	18.31	16.60	14.13
<b>Total</b>	<b>100</b>	<b>86.81</b>	<b>82.10</b>	<b>77.55</b>	<b>73.79</b>	<b>58.08</b>
<b>Phase 1 Lump Sum Fee</b>		\$10,543,239	\$12,112,321	\$11,708,904	\$11,960,520	\$16,858,602
<b>Daily Delay Compensation Rate</b>		\$12,300	\$10,000	\$10,000	\$10,000	\$31,000
<b>Phase 2 Management Lump Sum Fee (monthly)</b>		\$232,600	\$234,000	\$218,752	\$220,320	\$225,000
<b>Phase 2 Margin Percentage</b>		8%	8.5%	9%	10%	10%





# Equity Platform

- Disadvantaged Business Enterprise (DBE) Goal for Phase 1: 28%
- CM/GC Phase 1 Commitment
  - 29.43% DBE
  - Utilize 6 DBE firms, 5 are local

(Phase 2 DBE Goal to be established during Phase 1)
- Proposal Evaluation Criteria allocated points to the proposing firm's demonstration of a well-defined approach to Cultural Competency.
- The entire 14.5mile alignment qualifies as Environmental Justice corridor.
  - In 2017 Black, Indigenous, People of Color residents comprised of 65% of total Study Area population
    - 51% Hispanic/Latino groups
    - 44% live below poverty level
    - 18% of households do not own a car
- **The project will serve a high-travel demand corridor with a significant population that relies on public transportation.**



# Workforce Goals

## **Project Labor Agreement/Construction Careers Policy (PLA/CCP)**

- Not applicable to Phase 1 Preconstruction
- Applicable in Phase 2 Construction including all Early Work Packages valued at more than \$2.5 million
- Workforce provisions include
  - 40% Targeted Local Workers – from economically disadvantaged areas of Los Angeles County
  - 10% Disadvantaged Workers – socially disadvantaged individuals of Los Angeles County
  - 20% Apprentice Worker



# Expenditure Plan

(\$ in millions)	Precon.		2024	2025	2026
	Total	Prior	2025	2026	2027
<b>USES OF FUNDS</b>					
<b><u>FFGA Eligible Expenses (New Starts)</u></b>					
Construction Costs	172.8	-	23.8	51.4	97.6
ROW/Land Existing Improvements	449.3	0.1	4.0	217.9	227.3
Professional Services	234.4	50.5	60.2	60.7	63.0
Unallocated Contingency	80.6	-	8.8	33.0	38.8
<b>Subtotal</b>	<b>\$937.1</b>	<b>\$50.6</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>
<b><u>Non-Federally Eligible Expenses (New Starts)</u></b>					
Expenses Prior to Project Development (460201)	60.6	60.6			-
<b>Subtotal</b>	<b>\$60.6</b>	<b>\$60.6</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL USES</b>	<b>\$997.8</b>	<b>\$111.2</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>

# Sources of Funds

(\$ in millions)	Precon.		2024	2025	2026
	Total	Prior	2025	2026	2027
<b>TOTAL USES</b>	<b>\$997.8</b>	<b>\$111.2</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>
<b>SOURCES OF FUNDS</b>					
<b><u>Federal Revenue</u></b>					
Federal TOD Planning Grant	2.0	2.0	-	-	-
FTA Community Project Funding	11.0	-	-	11.0	-
<b>Federal Revenue Subtotal</b>	<b>\$13.0</b>	<b>\$2.0</b>	<b>\$0</b>	<b>\$11.0</b>	<b>\$0</b>
<b><u>Local Revenue</u></b>					
Prop A - Rail Development Account (35%)	264.2	6.1	-	143.4	114.7
Measure R - Transit Capital (35%)	227.2	82.7	96.8	21.0	26.6
Measure R - Highway Projects (20%)	75.0	-	-	-	75.0
Prop C - Transit-Related Highway (25%)	117.3	1.4	-	84.0	32.0
Measure M - Transit Construction (35%)	282.1	-	-	103.7	178.4
Measure R - Admin (1.5%)	0.5	0.5	-	-	-
<b>Local Revenue Subtotal</b>	<b>\$966.3</b>	<b>\$90.7</b>	<b>\$96.8</b>	<b>\$352.0</b>	<b>\$426.7</b>
<b><u>State Revenue</u></b>					
SB1 - Local Partnership Program	18.5	18.5	-	-	-
<b>State Revenue Subtotal</b>	<b>\$18.5</b>	<b>\$18.5</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL SOURCES</b>	<b>\$997.8</b>	<b>\$111.2</b>	<b>\$96.8</b>	<b>\$363.0</b>	<b>\$426.7</b>



# Next Steps

- Execute CM/GC contract and issue NTP for Phase 1 Preconstruction services.
- CM/GC to conduct constructability reviews to support ongoing design development activities.
- CM/GC to develop construction cost estimate and construction schedule based on each design submittal.
- Metro Real Estate to initiate property right-of-way acquisitions.