

## PROCUREMENT SUMMARY

**A650 HEAVY RAIL VEHICLE (HRV) OVERHAUL AND CRITICAL  
COMPONENT REPLACEMENT PROGRAM (OCCRP)  
CONTRACT A650-2015**

1.	<b>Contract Number:</b> A650-2015	
2.	<b>Recommended Vendor:</b> Talgo, Inc.	
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>	
	A. Issued: 05.05.15	
	B. Advertised/Publicized: 05.09.15	
	C. Pre-proposal/Pre-Bid Conference: 06.02.15	
	D. Proposals/Bids Due: 10.15.15	
	E. Pre-Qualification Completed: 08.09.16	
	F. Conflict of Interest Form Submitted to Ethics: 08.11.16	
	G. Protest Period End Date: 09.08.16	
5.	<b>Solicitations Picked up/Downloaded:</b> 133	<b>Bids/Proposals Received:</b> 2
6.	<b>Contract Administrator:</b> Wayne Okubo	<b>Telephone Number:</b> (213)922-7466
7.	<b>Project Manager:</b> Cop Tran	<b>Telephone Number:</b> (213)922-3188

**A. Procurement Background**

This Board Action is to approve Contract No. A650-2015 issued in support of the A650 Heavy Rail Vehicle Overhaul and Critical Component Replacement Program. The intent of this overhaul program is to replace vital systems and components and update relevant technology to ensure the continued safety, reliability, availability, and maintainability of the Red Line fleet for full revenue service and maintain the fleet's State of Good Repair.

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

Twenty-one amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on 05.18.15 clarified vehicle inspection dates;
- Amendment No. 2, issued on 05.29.15 established project data repository for planholder access to reference documents;
- Amendment No. 3, issued on 06.05.15 extended proposal due date to 08.10.15;
- Amendment No. 4, issued on 06.19.15 clarified commercial terms and edited technical specifications;
- Amendment No. 5, issued on 07.02.15 modified work completion schedule and edited technical specifications;

- Amendment No. 6, issued on 07.15.15 extended proposal due date to 09.10.15;
- Amendment No. 7, issued on 07.29.15 established additional vehicle inspection dates and edited technical specifications;
- Amendment No. 8, issued on 07.30.15 edited technical specifications;
- Amendment No. 9, issued on 08.19.15 extended the proposal due date to 10.01.15 and edited technical specifications;
- Amendment No. 10, issued on 09.04.15 established site inspection for loading and unloading location and edited technical specifications;
- Amendment No. 11, issued on 09.09.15 clarified loading and unloading location;
- Amendment No. 12, issued on 09.17.15 extended proposal due date to 10.08.15;
- Amendment No. 13, issued on 10.01.15 extended proposal due date to 10.15.15 and clarified commercial terms;
- Amendment No. 14, issued on 10.08.15 modified proposal forms;
- Amendment No. 15, issued on 10.12.15 modified proposal forms;
- Amendment No. 16, issued on 03.17.16 after receipt of proposals requested Best and Final Offers (BAFOs);
- Amendment No. 17, issued on 03.30.16 after receipt of proposals edited BAFO technical specifications;
- Amendment No. 18, issued on 04.06.16 after receipt of proposals modified BAFO proposal forms;
- Amendment No. 19, issued on 06.10.16 after receipt of proposals requested Second BAFOs;
- Amendment No. 20, issued on 06.15.16 after receipt of proposals clarified BAFO commercial terms;
- Amendment No. 21, issued on 06.22.16 after receipt of proposals modified BAFO proposal forms.

The RFP included requirements for the DOT Contracting Initiative Pilot Program for a voluntary local hiring preference incentive in the evaluation of proposals, which was re-confirmed with FTA on October 14, 2015. This voluntary program provides an opportunity for proposers that participate in the program to submit a qualifying Local Employment Plan, to earn additional points above and beyond all other evaluation criteria in the RFP. All new jobs and facility investments in a proposal, measured in dollars and created within Los Angeles County, would be eligible for the incentive points.

A total of two proposals were received on October 15, 2015. A Pre-Proposal Conference was held on June 2, 2015 at Division 20 so vehicle inspections could be conducted over the following three days. Additional vehicle inspection requests were accommodated on Amendment No. 07, which added inspection dates of August 6-7, 2015.

A request for a site visit to the loading/unloading location was requested and granted on Amendment No. 10, which scheduled the site inspection for September 14, 2015.

Responses to questions received throughout the solicitation period, were grouped and posted to the project data repository accessible to all solicitation plan holders. Thirteen groups of questions/answers were uploaded to the site from June 19, 2015 to October 5, 2015. All available drawings, manuals, and other reference material were posted to the site.

Over the course of the solicitation period numerous requests to extend the proposal due date were submitted by prospective proposers and the actual proposal due date of October 15, 2015. These requests were granted to ensure maximum competition from an already limited field of interested proposers.

The proposal evaluation period, from October 15, 2015 through March 2016 included oral presentations, site visits, and face-to-face negotiations. The lengthy process was necessary to thoroughly assess the technical proposals and also the price proposals, which were both significantly higher than the project budget. Alternatives to the overhaul program were considered but ultimately rejected because of the current condition of the A650 fleet.

## **B. Evaluation of Proposals/Bids**

A Proposal Evaluation Team (PET) consisting of staff from the Rail Vehicle Acquisition department was convened and conducted a comprehensive technical evaluation of the proposals received. Additionally, technical advisors (TAs) from Metro's Rail Fleet Services and Rail Vehicle Engineer departments augmented the PET as subject matter experts.

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

- |  |            |
|--|------------|
| • Past Experience and Past Performance | 350 points |
| • Price                                | 300 points |
| • Technical Compliance                 | 250 points |
| • Project Management Experience        | 100 points |
| • Incentive: Local Employment Plan     | 50 points  |

The evaluation criteria are appropriate and consistent with criteria developed for other similar vehicle acquisition procurements. 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.

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

1. Alstom Transportation, Inc. (Alstom)
2. Talgo, Inc. (Talgo)

Proposal evaluation kick-off was conducted on October 19, 2015. Technical Advisors (TAs) were used to support the PET with their expertise in the relevant subject matter. Comments from the TAs were compiled and presented to the PET on November 24, 2015. Request for Clarifications were sent to both competitive range firms on November 25, 2015, with a due date of December 15, 2015. Clarification review was extended due to the Holidays, and was conducted with TAs and the PET from December 16, 2015, through January 5, 2016. Oral presentations with each firm were scheduled to cover two days with the Talgo, Inc.'s presentation on January 7-8, 2016, and Alstom's on January 14-15, 2016. Immediately following the oral presentations, the PET conducted site visits to each of the firms proposed overhaul locations. These site visits were held the week of January 18, 2016, covering trips to Alstom Transportation, Inc.'s Mare Island, CA facility and Talgo, Inc.'s Milwaukee, WI facility. The PET was able to evaluate and assess each of the proposer's facilities along with the corresponding capability and capacity of the location. The PET 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 Metro's Independent Cost Estimate. Negotiation discussions held March 2-11, 2016, resulted in conforming commercial terms and technical specifications to be used as the basis for the request for Best and Final Offers (BAFOs). The discussions addressed the Proposer's strengths and weaknesses and to better understand why proposals exceeded the existing project budget. On March 17, 2016, a request for BAFOs was issued with a due date of April 11, 2016. The BAFO price proposals submitted continued to contain pricing that exceeded the project budget. On April 13, 2016, staff developed alternative scope and quantity scenarios to address the budget issue. The recommended alternative divided the overhaul program into a base quantity of 38 vehicles, with an option for the balance of 36 vehicles that can be exercised within 12 months after contract notice to proceed is issued. Discussions regarding this new scope of work quantities were conducted during the week of June 6, 2016. Invitations to submit a second BAFO were issued to both firms on June 10, 2016. Revised BAFOs were received from both firms on July 1, 2016. Final evaluations of the second BAFO were completed the week of July 5, 2016, and were used as the basis of the current recommendation for award.

An important evaluation factor throughout the RFP process was the incentives created by Metro's Local Employment Plan (LEP). Both firms proposed a level of participation in the voluntary Local Employment Plan (LEP) under the FTA's Pilot Program. This participation resulted in a normalized distribution of the preference points allocated in accordance with their respective commitment value of the new local jobs created by each firm, and added to the final evaluation score. Talgo proposed the higher LEP commitment value and, therefore, received the maximum incentive score.

A Buy America Pre-Award Audit was conducted by Metro the week of July 11, 2016, in accordance with FTA guidance stated in 49 CFR 663. Both Proposers were audited and found to far exceed the FTA's Buy America requirements.

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

**Alstom Transportation Inc.**

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 has extensive experience in U.S. railcar overhaul work, having overhauled or modernized nearly 5,100 railcars for many of the major transit agencies.

**Talgo Inc.**

Talgo, Inc. (Talgo) is headquartered in Seattle, Washington and has proposed to perform this overhaul 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.

<b>1</b>	<b>Firm</b>	<b>Average Score</b>	<b>Factor Weight</b>	<b>Weighted Average Score</b>	<b>Rank</b>
<b>2</b>	<b>Talgo Inc.</b>				
<b>3</b>	Past Experience and Past Performance	71.91	350	251.7	
<b>4</b>	Price (Base + Option)	100.00	300	300.0	
<b>5</b>	Technical Compliance	74.80	250	187.0	
<b>6</b>	Project Management Experience	75.80	100	75.8	
<b>7</b>	Voluntary Local Employment Plan Incentive	50.00	50	50.0	
<b>8</b>	<b>Total</b>		<b>1050</b>	<b>864.5</b>	<b>1</b>

<b>9</b>	<b>Alstom Transportation Inc.</b>				
<b>10</b>	Past Experience and Past Performance	80.94	350	283.3	
<b>11</b>	Price (Base + Option)	88.05	300	264.2	
<b>12</b>	Technical Compliance	78.24	250	195.6	
<b>13</b>	Project Management Experience	76.00	100	76.0	
<b>14</b>	Voluntary Local Employment Plan Incentive	44.80	50	22.4	
<b>15</b>	<b>Total</b>		<b>1050</b>	<b>841.5</b>	<b>2</b>

### C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon adequate price competition, Independent Cost Estimate, technical evaluation, fact finding, and negotiations. Although the recommended price is 66.73% higher than the ICE, Metro's technical evaluation of all price elements for both Proposers confirmed that the offers are valid current market prices.

	<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Negotiated or NTE amount</b>
1	Talgo Inc.	\$77,961,362	\$43,764,550	\$72,970,493
2.	Alstom Transport. Inc.	\$100,567,306	\$43,764,550	\$82,874,817

The Negotiated breakdown for Base and Option amounts is as follows:

	<b>Proposer Name</b>	<b>Base</b>	<b>Option</b>	<b>Total</b>
1	Talgo Inc.	\$54,698,676	\$18,271,817	\$72,970,493
2	Alstom Transport. Inc.	\$62,880,485	\$19,994,331	\$82,874,817

The Proposer's total commitment of wages and benefits for new local job creation is as follows:

	<b>Proposer Name</b>	<b>Total</b>
1	Talgo Inc.	\$2,212,676
2	Alstom Transport. Inc.	\$989,987

### D. Background on Recommended Contractor

The recommended firm, Talgo, Inc., located in Seattle, Washington, has been in business for 74 years and is a leading supplier of rolling stock with a unique integrated life-cycle approach to railcar manufacturing and maintenance. Its recent contracts include the manufacture of 26 new railcars to Oregon DOT, and the ongoing railcar maintenance (including overhaul work) for Washington State DOT.