

## 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.