

WSAB P3 Assessment Update

Regular Board Meeting

December 2, 2021

OEI



Metro

Metro's P3 Assessment Process

Voter approved
Measure M
indicates WSAB
could be
delivered by P3

Step 1

Project
Screening &
Identification

Step 2

Qualitative
Project
Assessment

Step 3

Market
Sounding

Step 4

Project Cost
Report

Step 5

Project Risk
Assessment

Step 6

Value-for-
Money &
Financial
Analysis

Step 7

Project
Funding &
Affordability
Assessment

Step 8

Metro Board
Approval of
Project
Delivery

Step 9

Final Project
Performance
Specifications

Step 10

Release
Procurement
Package



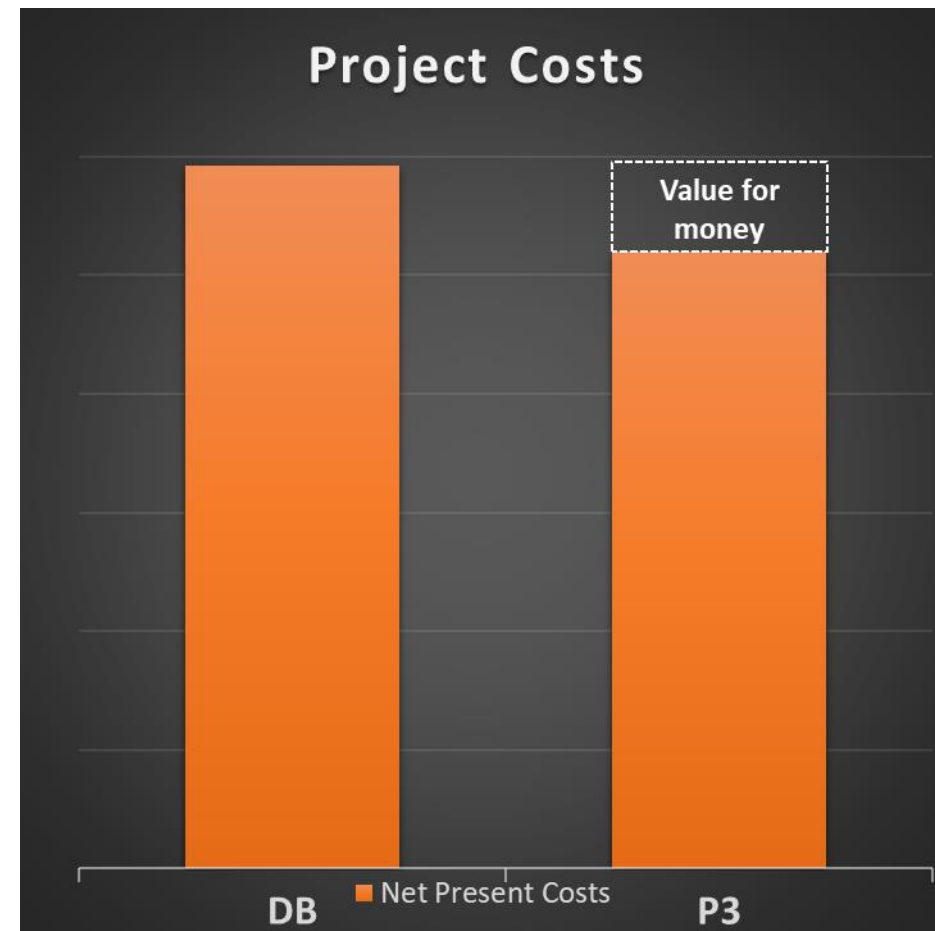
Completed step of assessment



Metro

Value for Money (VfM) Evaluation

- Identifies the project delivery strategy with the lowest potential lifetime risks and costs for the WSAB project
- In line with Eno recommendation to adopt “a formal evaluation process to determine the appropriate procurement method on a project-by-project basis” in order to control cost and schedule risk, as well as Infrastructure bill requirements
- Staff are available to provide detailed briefings on VfM evaluation and results



Project Delivery Strategy

- Staff are developing a unique strategy to deliver WSAB:



- CM/GC contract for delivery of Early Works
 - Including freight rail relocation, utility relocation, and other 3rd party items
- P3/DBFOM contract for delivery of the LRT
 - Includes PDA style opportunity to complete the line to Downtown LA

CM/GC+P3 Benefits

- CM/GC Early Works could reduce the risk of change orders in the LRT contract
- P3 investors, including pension and ESG funds among others, could raise ~\$2 billion of private financing for the project, reducing Metro's cash required to complete design and construction and allowing us to build more of the project sooner
- P3 contract would directly link Metro's payments to the P3 Developer's performance, incentivizing Developer to open, operate, and maintain the WSAB transit line according to our performance requirements



Market Sounding

- Project team staff re-engaged with infrastructure firms through one-on-one interviews to review and refine Metro's project delivery strategy in September 2021
- 18 firms, including design-builders, investors, light rail vehicle suppliers, operators, and multi-industry conglomerates participated
- Broad and enthusiastic market interest in proposing on this potential WSAB procurement



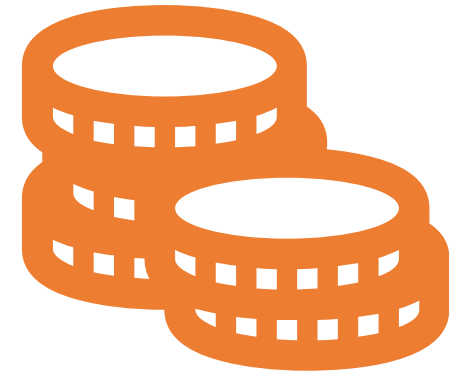
Market Sounding

- Firms appreciated Metro's pragmatic and innovative approach that has incorporated lessons learned from Metro's major projects and others (e.g., Maryland Purple Line)
- Current strategy was viewed as the optimum delivery model across a range of perspectives
 - Competition
 - Affordability
 - Schedule
 - Risk, responsibility, and performance



Market Sounding

- Firms advised that segmenting the project could increase project costs due to interface challenges, cost inflation, and additional mobilization and demobilization work
- Metro's labor requirements were viewed as acceptable and industry standard



Market Sounding

- Firms recommended that Metro continue to achieve project readiness and commit to a clear project scope before beginning P3 procurement
 - UPRR Approach
 - ROW Acquisition Strategy
 - Labor Strategy
 - Early Works
 - FTA Record of Decision
- PDA style opportunity to complete the line to Downtown LA was viewed as an exciting prospect that would incentivize potential teams

P3 Assessment Next Steps

- Align committed and potential project funding, including new funding from Infrastructure Investment and Jobs Act and value capture strategies, with estimated costs of CM/GC+P3 delivery model
- Continually update assessment as project evolves to ensure Metro delivers the highest quality transit service in the most affordable and efficient way
- Recommend best value procurement strategy for Board selection in Summer 2022 to ensure procurement can begin immediately following ROD