RATIFICATION OF HR5000 HEAVY RAIL VEHICLE (HRV) CONTRACT AND THE A650 HRV REFURBISHMENT CONTRACT



Item #2025-0455 May 22, 2025

Recommendation

CONSIDER:

A. RATIFYING the procurement and award of Contract No. OP239906000HR5000 (HR5000 Contract) to the Hyundai Rotem USA Corporation (Hyundai Rotem), and the HR5000 Contract as amended by Modifications 1-3 for the manufacturing and delivery of 182 new heavy rail vehicles (HRVs), in the amount of \$663,688,303 for the base contract buy, exclusive of one contract option for an additional 50 HRVs, totaling 232 HRVs for a total of \$730,057,133;

B. RATIFYING the procurement and award of Contract No. OP245126000A650HRV (A650 Contract) to Woojin IS America (Woojin), and the A650 Contract as amended by Modifications 1-3 for the refurbishment of 74 A650 HRVs, in the amount of \$213,587,542.63 for 70 base HRVs, and one contract option for an additional 4 HRVs, totaling 74 HRVs; and

C. ADOPTING the resolutions attached as Attachment A and Attachment B, affirming that modifications made to the HR5000 and A650 Contracts to bring the Contracts into compliance with the Manufacturing Careers Policy (MCP) are consistent with Metro's goals to implement the MCP into the HR5000 and A650 Contracts, and do not fundamentally alter the HR5000 and A650 Contracts so as to warrant rebidding the contracts.



Background

- Dec. 1, 2022: Board approves (1) Manufacturing Careers Policy (MCP), (2) HR5000 HRV Procurement Solicitation, and (3) A650 HRV refurbishment solicitation
 - The adoption of the MCP modified Metro's prior U.S. Employment Program (USEP) and Local Employment Program (LEP) guidelines and combined them in a single policy, which applies to rolling stock contracts over \$50M.
- Due to overlap of timing of actions, when the RFPs were issued, although they included requirements for proposers to include USEP plans in their proposal that met the spirit of the MCP, the requirements did not fully mirror all MCP requirements
 - Dec. 5, 2022: HR5000 RFP issued
 - Dec. 9, 2022: A650 RFP issued
- Proposals were evaluated in conformance with RFP scoring criteria, including scoring of the USEP plans which accounted for 5% of the overall score, leading to awards for each contract
 - Jan. 25, 2024: HR5000 Contract awarded to Hyundai Rotem USA Corp. (Hyundai Rotem)



• Feb. 22, 2024: A650 Contract awarded to Woojin (sole bidder)

Current Contract Status

- Although the HR5000 and A650 RFPs and initial Contract did not all incorporate MCP requirements, the Contracts have been modified to incorporate all material MCP requirements
- Examples of aspects of the MCP that are now included via executed modifications are the following:
 - Commitment for "new and retained" U.S. workers as opposed to "new" workers
 - Provision of Labor Value Forms with breakdown of minimum wages and benefits for each job class
 - Calculation of the 10% disadvantaged worker requirement based upon number of workers, rather than total wages and benefits
 - Requirement of submission of certified payrolls and other enhanced compliance and enforcement mechanisms
 - Hiring a jobs coordinator, as well as updates to definitions that align with the MCP
- Heavy rail vehicles (HRV) being procured and refurbished through the HR5000 and A650 Contracts are necessary to support the 2028 Games, including operations of the Purple Line Extension projects



Labor Commitments and Contract Monitoring

Both the HR5000 and A650 Contractors, Hyundai Rotem and Woojin, have made substantial and contractually enforceable USEP commitments:

• Hyundai Rotem USEP Commitment - \$121,927,687

- \$96,647,515 U.S. wages & benefits
- \$26,994,012 U.S. facility investments
- \$286,160 U.S. workforce training
- Woojin USEP Commitment \$23,954,088
 - \$21,263,639 U.S. wages & benefits
 - \$2,625,449 U.S. facility investments
 - \$65,000 U.S. workforce training

DEOD Compliance Reviews:

 DEOD has successfully completed detailed desk audits for the active MCP-applicable projects (HR5000 & A650). These desk audits involve reviewing labor value forms and USEP narratives, followed by a comparison with information from certified payroll reports and quarterly reports. To date, both projects are complying with MCP requirements.



Rationale for Ratification

- Although HR5000 and A650 RFPs did not mirror MCP, proposers submitted USEPs scored in compliance with RFP criteria, fairly, and without favoritism
- Modified HR5000 and A650 contracts now comply with the MCP
- Labor monitoring is already underway by DEOD for both the HR5000 and A650 vendors' compliance with USEP commitments and the MCP
- VCM and DEOD have taken steps to ensure future procurements reflect MCP requirements
- The Contracts are critical and time sensitive to meet commitments for 2028 Games and to meet commitments in Metro's federal grants
- Metro has already spent > \$85M on HR5000 Contract and > \$31.5M on Woojin Contract
- Re-procurement would significantly increase costs to the public, delay delivery of HRVs, and may not result in increased USEP commitments

