

PROCUREMENT SUMMARY

**SEPULVEDA TRANSIT CORRIDOR PROJECT
PRE-DEVELOPMENT SERVICES
PS66773MRT / PS66773HRT**

1.	Contract Numbers: PS66773MRT PS66773HRT	
2.	Recommended Vendor: LA SkyRail Express (Monorail technology) Sepulveda Transit Corridor Partners -Bechtel (Heavy Rail technology)	
3.	Type of Procurement (check one): <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.	Procurement Dates:	
	A. Issued: October 31, 2019	
	B. Advertised/Publicized: October 31, 2019	
	C. Pre-Proposal Conference: January 8, 2020	
	D. Proposals Due: August 26, 2020	
	E. Pre-Qualification Completed: Pending	
	F. Conflict of Interest Form Submitted to Ethics: September 9, 2019	
	G. Protest Period End Date: March 1, 2021	
5.	Solicitations Picked up/Downloaded: 583	Bids/Proposals Received: 4
6.	Contract Administrator: Manchi Yi	Telephone Number: (213) 418-3332
7.	Project Manager: Kavita Mehta	Telephone Number: (213) 435-5047

A. Procurement Background

This Board Action is to receive and file staff recommendation for the award of up to two contracts to furnish all goods and services required for the performance of pre-development work for the Sepulveda Transit Corridor Project (Project). Board approval of contract awards are subject to resolution of any properly submitted protest.

In July 2019, the Board approved a finding that the use of a pre-development agreement (PDA) approach pursuant to Public Utilities Code (PUC) Section 130242 will achieve certain private sector efficiencies in the integration of the planning, design and construction of the Project (file 2019-0490). The Board also approved the solicitation of PDA contracts and award of up to two contracts for different fixed guideway transit technology, pursuant to PUC 130242(e) with the recommended development team or teams chosen by utilizing a competitive process that employs objective selection criteria (in addition to price).

In August 2019, an industry outreach forum was held in the LA Union Station Ticket Concourse, which was attended by 202 attendees. At the event, Metro staff made available to the general public information about the innovative contracting approach, and how firms could prepare to participate in this unique endeavor. Metro

executive staff presented information and answered questions about the Project, the anticipated PDA, and the planned procurement.

On October 31, 2019, Request for Proposal (RFP) No. PS66773 was issued for the performance of pre-development work for the Project in accordance with Metro's Acquisition Policy and the contract type is firm fixed price. In the spirit of expanding competition, Metro had not determined the technology, nor the specific configuration or alignment, for the Project; therefore, firms were encouraged to propose innovative solutions that best met the project challenges. In accordance with the RFP and as previously approved by the Board, Metro may award up to two contracts as the result of the solicitation, with each of the selected developers performing certain pre-development work under the contract relating to the transit solution concept (TSC) it proposed, and with Metro determining which developer (if any) will have the opportunity to perform further pre-development work and potentially modify the Contract to proceed with implementation. Metro's decision to request a proposal for implementation from the remaining developer and to proceed with negotiation of such agreement will be made at Metro's sole discretion.

The RFP was issued with the following Disadvantage Business Enterprise (DBE) goals and is subject to Metro's DBE Contracting Outreach and Mentoring Plan (COMP).

- 30% of the PDA Phase 1 Payment Amount
- 25% of the PDA Phase 2 Payment Amount
- 23.50% of the PDA Phase 3 Payment Amount
- 24.94% of the PDA Phase 4 Payment Amount

The RFP required an Initial Qualifications (IQ) submittal from interested teams to demonstrate their previous experience and technical qualifications of three specific team members, including: 1) the proposed lead construction contractor, 2) the lead engineering firm, and 3) previous experience of the proposed equity member(s). Metro would review the IQ submittals received by the deadline stated in the RFP, and deem them acceptable, incomplete or unacceptable. If the submittal was deemed acceptable, the proposing team would be added to the list of eligible Proposers and would be eligible to submit a proposal for the performance of the PDA work on a firm fixed price basis, with the potential opportunity to enter into an Implementation Agreement after completion of the PDA work.

Six prospective teams submitted an IQ by December 11, 2019. The IQ submissions of the following five teams, listed below in alphabetical order, were determined to be acceptable, and were deemed eligible Proposers:

- ACS Infrastructure Development
- LA SkyRail Express
- Sepulveda Transit Corridor Partners - Bechtel
- Sepulveda Transit Corridor Partners - Fengate

- Tutor Perini, Parsons & Plenary

On January 8, 2020, a pre-proposal conference and DBE networking event was held with 268 people in attendance. Following the pre-proposal conference, eligible Proposers were provided table space to conduct networking sessions and outreach with DBEs to discuss contracting opportunities.

In January and February 2020, two rounds of one-on-one meetings were conducted with eligible Proposers and Metro staff. While the one-on-one meetings were not mandatory, they were intended to provide eligible Proposers with a better understanding of the RFP and to allow discussions regarding the Proposers' approach to the PDA work. At the request of the eligible Proposers, Metro agreed to two additional rounds of one-on-one meetings that were subsequently held in March and June 2020.

Sixteen amendments were issued during the solicitation phase of the RFP:

- Amendment No. 1, issued on November 20, 2019, provided revisions related to the Initial Qualifications (IQ) Submittal Requirements and extended the date for prospective Proposers to submit the IQ Submittal;
- Amendment No. 2, issued on January 31, 2020, provided revisions related to the Letter of Invitation for Proposal regarding subcontractors' eligibility to propose on multiple teams, Letter of Invitation Supplement (PDA), Proposal Submittal Requirements and Evaluation and Selection Process and Criteria;
- Amendment No. 3, issued on February 5, 2020, provided revisions related to Letter of Invitation Supplement (PDA) and Form of Contract;
- Amendment No. 4, issued on February 13, 2020, provided revisions related to the Proposal Submittal Requirements;
- Amendment No. 5, issued on February 19, 2020, added submission of clarification request date;
- Amendment No. 6, issued on February 26, 2020, extended the proposal due date;
- Amendment No. 7, issued on February 28, 2020, added submission of clarification request date;
- Amendment No. 8, issued on March 6, 2020, provided revisions related to Letter of Invitation, Instruction to Proposers, Proposal Submittal Requirements, Evaluation and Selection Process and Criteria and Form of Contract;
- Amendment No. 9, issued on March 11, 2020, added a third round of one-on-one meetings with eligible Proposers;
- Amendment No. 10, issued on March 23, 2020, extended the proposal due date;
- Amendment No. 11, issued on May 5, 2020, provided revisions related to Letter of Invitation, Letter of Invitation Supplement (PDA), Proposal Submittal Requirements, Evaluation and Selection Process and Criteria and Form of Contract;

- Amendment No. 12, issued on May 29, 2020, added a fourth round of one-on-one meetings with eligible Proposers, extended submittal of proposed changes concerning Equity Members, Lead Construction Contractor, or Lead Engineering Firm and extended the proposal due date;
- Amendment No. 13, issued on July 13, 2020, provided revisions related to Letter of Invitation Supplement (PDA), Proposal Submittal Requirements, Evaluation and Selection Process and Criteria and Form of Contract;
- Amendment No. 14, issued on July 24, 2020, extended the proposal due date;
- Amendment No. 15, issued on August 4, 2020, provided revisions related to the List of Reference Documents;
- Amendment No. 16, issued on August 14, 2020, provided revisions related to submission of Proposals.

A total of 583 individuals downloaded the RFP and were included on the plan holders list. There were 360 questions submitted and responses were released prior to the proposal due date.

Of the five eligible Proposers, Metro received the following four proposals (and their technologies) by the due date of August 26, 2020. The firms are listed below in alphabetical order:

- LA SkyRail Express (Monorail technology)
- Sepulveda Transit Corridor Partners - Bechtel (Heavy Rail technology)
- Sepulveda Transit Corridor Partners - Fengate (Light Rail technology)
- Tutor Perini, Parsons & Plenary (Heavy Rail technology)

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) composed of staff from Metro's Program Management, Countywide Planning, and Office of Extraordinary Innovation and outside agency members from California Department of Transportation (Caltrans) and Los Angeles Department of Transportation (LADOT) reviewed each technical and financial proposal submitted. In addition, a team of subject matter experts (SME) from Metro, Jacobs Engineering and their subconsultants, and Ernst & Young and their subconsultants was assembled to provide subject matter expertise based on their background and relevant experience to offer technical and financial analysis to the PET.

The proposals were evaluated based on the responsiveness pass/fail requirements (administrative, technical, financial, price, and approach to diversity and inclusion) of the RFP and the following evaluation criteria and point allocations.

- **Evaluation of Technical Proposal (630 points)**
 - Qualifications and Experience to Support Project Development (110 points)
 - Approach to Completing PDA Work (290 points)
 - Quality of Proposer's Transit Solution Concept (230 points)

- **Evaluation of Financial Proposal (230 points)**
 - Project Finance Experience, Investment Capacity, Project Delivery Plan and Financial Strength (110 points)
 - Quality of TSC Financial Feasibility Plan (120 points)

- **Evaluation of Price Proposal (130 points)**
 - PDA Price (100 points)
 - Implementation Agreement Maximum Profit Margin (30 points)

- **Evaluation of Approach to Diversity and Inclusion (40 points)**

There was a total of 1030 possible points.

Several factors were considered when developing the evaluation criteria and point allocation for this solicitation, giving the greatest importance to the evaluation of the technical proposal. As noted above, to maximize potential competition and innovation, Metro did not specify a required mode/technology, alignment, or configuration for the Project. Firms were encouraged to propose a TSC that best met the required project parameters, as stated in the RFP, that were likely to be technically and financially feasible. Proposers were also asked to identify key technical and financial risks to their specific approach, as well as strategies for mitigating or addressing these delivery challenges. Finally, firms were encouraged to demonstrate how their qualifications and experience would support their approach to successfully developing and delivering the proposed project within Metro's desired timeframe and budget.

All proposals passed the responsive requirements included in the RFP. The PET began its independent evaluation of the proposals on September 1, 2020. Additionally, the SMEs independently reviewed the proposals to provide the PET with technical and financial comments based on their relevant subject matter experience, background and expertise. The SMEs identified factual information from the proposals and related analysis to support identification of strengths, weaknesses, and risks for each proposal in accordance with the evaluation criteria included in the RFP.

Oral presentations/interviews were conducted with all four proposing teams during the week of November 9, 2020.

The PET members finalized their scores in December of 2020. In accordance with the evaluation process outlined in the RFP, the final scores were calculated and the highest-ranked proposal for each proposed transit technology was determined.

From that list, the two highest-ranked Proposers were determined to be LA SkyRail Express team proposing a monorail technology and Sepulveda Transit Corridor Partners - Bechtel team, proposing a heavy rail technology.

Qualifications Summary of Proposing Teams

LA SkyRail Express

LA SkyRail Express (LASRE) is a team comprised of BYD, John Laing Investments, Skanska and HDR. The LASRE team proposed a monorail mode with 100% aerial alignment and unattended train operations. Their one-way trip time estimate from Valley to Westside is 24 minutes. Their financial proposal included a \$6.1 billion (capital expenses in 2020\$) TSC, with \$221 million in anticipated equity investment, and \$63 million per year in operating expenses (2035\$). LASRE submitted a detailed proposal which highlighted a well-developed technical solution concept design. The proposed project manager (PM) has direct experience on other monorail technology projects including Las Vegas Monorail and Vancouver SkyTrain. Their proposal included early consideration of operations and maintenance requirements to drive design decisions and minimize lifecycle costs. The proposal demonstrated strong financial experience across team members in raising finance. Their proposed equity structure is diversified and anticipated risk. The team demonstrated a clear understanding of the Measure M Expenditure Plan and associated funding constraints.

Sepulveda Transit Corridor Partners – Bechtel

Sepulveda Transit Corridor Partners - Bechtel (Bechtel) is a team comprised of Bechtel Infrastructure, Meridiam Sepulveda, and American Triple I Partners. The Bechtel team proposed a heavy rail technology with 38% aerial and 62% tunnel alignment and unattended train operations. Their one-way trip time estimate from Valley to Westside is 19.7 minutes. Their financial proposal included a \$10.8 billion (capital expenses in 2020\$) TSC, with \$634 million in anticipated equity investment, and \$118 million per year in operating expenses (2035\$). Bechtel's proposal included well thought out stations siting, configuration and connections/transfers and stations were sized for some amount of growth in train consists. The team proposed a single-bore tunnel design to address significant challenges with tunneling and demonstrated a good understanding of geo-technical issues. The proposal highlighted detailed plans to completing the PDA work, including consideration for third parties, FTA and the environmental process. During the interview, the Bechtel team demonstrated cohesion and coordination and their commitment to the Project. The financial proposal highlighted deep global financing experience across a range of project types and extensive experience with projects of similar size and

complexity. The team’s financial capacity appeared quite strong and they depicted an appropriate financial structure with a diversity of sources.

Sepulveda Transit Corridor Partners - Fengate

Sepulveda Transit Corridor Partners - Fengate (Fengate) is a team comprised of Lane Construction, Webuild, Hatch, Fengate Capital, Globalvia, and Lane Infrastructure. The Fengate team proposed a light rail technology with 100% tunnel alignment and automatic train operations with a driver present. The team’s one-way trip time estimate from Valley to Westside is 21 minutes. Their financial proposal included an \$11.5 billion (capital expenses in 2020\$) TSC, with \$198 million in anticipated equity investment, and \$97 million per year in operating expenses (2035\$). The technical proposal presented a strong and detailed TSC with well thought out station layouts with the customer experience and transfers in mind. The proposal included innovative ideas such as potential joint development opportunity as the maintenance facility and potential for a one-seat ride with East San Fernando Valley Line. Their risk management process had a high level of detail focused on identifying cost savings, reducing/mitigating risk and supporting P3 deal structuring.

Tutor, Perini, Parsons & Plenary

Tutor, Perini, Parsons & Plenary (TP3) is a team comprised of Tutor Perini, Parsons Construction, and Plenary Group. The TP3 team proposed a heavy rail technology with 39% aerial and 61% tunnel alignment and unattended train operations. Their one-way trip time estimate from Valley to Westside is 23 minutes. Their financial proposal included a \$7.2 billion (capital expenses in 2020\$) TSC, with \$574 million in anticipated equity investment, and \$128 million per year in operating expenses (2035\$). While the TP3 team’s key personnel showed good experience in the written proposal, the team did not demonstrate cohesion or coordination during the interview. The team proposed good strategies for coordination with the environmental and outreach consultants. However, their proposal lacked detail in the TSC submittals. The technical proposal did not put forward a strong recommendation regarding alignment, vehicle type or maintenance storage facility location. TP3’s financial proposal included reference projects that showed experience across transit projects and P3 projects. However, the financial proposal did not include the capital costs for the maintenance storage facility.

The following table summarizes the PET’s ranking and scores.

1	Proposer/Mode	Maximum Points	Earned Points	Sub Total Points	Total Points	Rank
2	LA SkyRail Express/ Monorail					
3	Evaluation of Technical Proposal (630 points)					

4	<ul style="list-style-type: none"> Qualifications and Experience to Support Project Development 	110	86.36			
5	<ul style="list-style-type: none"> Approach to Completing PDA Work 	290	222.50			
6	<ul style="list-style-type: none"> Quality of Proposer's Transit Solution Concept 	230	175.71			
7	Total Technical Proposal			484.57		
8	Evaluation of Financial Proposal (230 points)					
9	<ul style="list-style-type: none"> Project Finance Experience, Investment Capacity, Project Delivery Plan and Financial Strength 	110	90.86			
10	<ul style="list-style-type: none"> Quality of TSC Financial Feasibility Plan 	120	97.71			
11	Total Financial Proposal			188.57		
12	Evaluation of Price Proposal (130 points)					
13	<ul style="list-style-type: none"> PDA Price 	100	100.00			
14	<ul style="list-style-type: none"> Implementation Profit Margin 	30	26.67			
15	Total Price Proposal			126.67		
16	Evaluation of Approach to Diversity and Inclusion (40 points)					
17	<ul style="list-style-type: none"> Inclusivity and Diversity 	40	40.00			
18	Total Diversity and Inclusion			40.00		
19	Grand Total	1030			839.81	1
20	Sepulveda Transit Corridor Partners – Bechtel /Heavy Rail					
21	Evaluation of Technical Proposal (630 points)					
22	<ul style="list-style-type: none"> Qualifications and Experience to Support Project Development 	110	80.33			
23	<ul style="list-style-type: none"> Approach to Completing PDA Work 	290	204.19			
24	<ul style="list-style-type: none"> Quality of Proposer's Transit Solution Concept 	230	183.91			
25	Total Technical Proposal			468.43		
26	Evaluation of Financial Proposal (230 points)					
27	<ul style="list-style-type: none"> Project Finance Experience, Investment Capacity, Project Delivery Plan and Financial Strength 	110	84.79			
28	<ul style="list-style-type: none"> Quality of TSC Financial Feasibility Plan 	120	67.71			

29	Total Financial Proposal			152.50		
30	Evaluation of Price Proposal (130 points)					
31	• PDA Price	100	91.02			
32	• Implementation Profit Margin	30	30.00			
33	Total Price Proposal			121.02		
34	Evaluation of Approach to Diversity and Inclusion (40 points)					
35	• Inclusivity and Diversity	40	30			
36	Total Diversity and Inclusion			30.00		
37	Grand Total	1030			771.95	2
38	Tutor Perini, Parsons & Plenary /Heavy Rail					
39	Evaluation of Technical Proposal (630 points)					
40	• Qualifications and Experience to Support Project Development	110	75.50			
41	• Approach to Completing PDA Work	290	206.73			
42	• Quality of Proposer's Transit Solution Concept	230	139.43			
43	Total Technical Proposal			421.66		
44	Evaluation of Financial Proposal (230 points)					
45	• Project Finance Experience, Investment Capacity, Project Delivery Plan and Financial Strength	110	79.36			
46	• Quality of TSC Financial Feasibility Plan	120	78.00			
47	Total Financial Proposal			157.36		
48	Evaluation of Price Proposal (130 points)					
49	• PDA Price	100	88.96			
50	• Implementation Profit Margin	30	30.00			
51	Total Price Proposal			118.96		
52	Evaluation of Approach to Diversity and Inclusion (40 points)					
53	• Inclusivity and Diversity	40	20			
54	Total Diversity and Inclusion			20		
55	Grand Total	1030			717.98	3

56	Sepulveda Transit Corridor Partners – Fengate /Light Rail					
57	Evaluation of Technical Proposal (630 points)					
58	<ul style="list-style-type: none"> Qualifications and Experience to Support Project Development 	110	85.93			
59	<ul style="list-style-type: none"> Approach to Completing PDA Work 	290	223.51			
60	<ul style="list-style-type: none"> Quality of Proposer’s Transit Solution Concept 	230	174.21			
61	Total Technical Proposal			483.65		
62	Evaluation of Financial Proposal (230 points)					
63	<ul style="list-style-type: none"> Project Finance Experience, Investment Capacity, Project Delivery Plan and Financial Strength 	110	80.54			
64	<ul style="list-style-type: none"> Quality of TSC Financial Feasibility Plan 	120	74.57			
65	Total Financial Proposal			155.11		
66	Evaluation of Price Proposal (130 points)					
67	<ul style="list-style-type: none"> PDA Price 	100	0.00			
68	<ul style="list-style-type: none"> Implementation Profit Margin 	30	30.00	30.00		
69	Total Price Proposal					
70	Evaluation of Approach to Diversity and Inclusion (40 points)					
71	<ul style="list-style-type: none"> Inclusivity and Diversity 	40	35.00			
72	Total Diversity and Inclusion			35.00		
73	Grand Total	1030			703.76	4

Approach to Price Evaluation

When considering pricing for PDA services, Metro’s objective for this procurement was to contract with the highest quality PDA partner(s) to develop the project, while ensuring that the cost of the PDA work would remain reasonable and affordable. As a result, Metro took an approach to the PDA Price Proposal evaluation that sought to balance affordability with the qualifications-based nature of the procurement.

Specifically, staff utilized a *tiered price formula* designed to encourage efficient pricing without putting a hard cap on price, which might unduly limit the level of effort required to support high-quality project development approaches. The tiering provides for an increasingly strong incentive to control price, as price increases. In

other words, a proposer may risk an increasingly greater amount of points, the higher their proposed price.

The price formula identified in the RFP was based on two thresholds that were developed using Metro's Independent Cost Estimate: 1) a Price Target (\$72,000,000), within the range of Metro's *preferred* pricing, and 2) a Price Limit (\$104,000,000), representing the range of Metro's *acceptable* pricing. Pricing was then evaluated as follows:

- If a proposer submitted a price that was **below or equal to the Price Target**, the score would be calculated by dividing the *lowest proposed price* into the *price being evaluated*, multiplied by 100. This formula results in the *lowest proposed price* receiving all 100 available points, and each price *above* the low price (but *below* Metro's Price Target) receiving a reduction in points proportionate to how far *in excess of the lowest price* it was.
- If a proposer submitted a price that was **greater than the Price Target, but less than or equal to the Price Limit**, the score would be calculated on a sliding scale that was defined by the *highest* submitted price. The highest submitted price would receive 0 points, and each score *below* the high price would receive a score based on how far *below the highest price* it was.
- If a proposer submitted a price that was **greater than the Price Limit**, while the overall proposal would be considered responsive, the score would be calculated as zero (without regard to any other proposed prices). Metro also stipulated that it reserved the right to reject any proposal that was priced over the Price Limit, to ensure affordability could ultimately be achieved.

Fengate proposed the highest price of all proposing teams to perform the PDA services, exceeding the price target of \$72,000,000, as defined in the RFP. Because no other firm proposed a price above the Price Target, in accordance with the formula defined in the RFP, the team earned a score of 0 for the PDA Price evaluation criteria.

The two highest-ranked Proposers submitted the lowest price proposal in their respective technology.

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon an independent cost estimate (ICE), adequate price competition, technical evaluation, fact finding, clarifications and negotiations.

	Proposer Name/Mode	PDA Proposal Amount	Metro ICE	Award Amount
1.	LA SkyRail Express/ Monorail	\$63,605,132	\$71,321,139 *	\$63,605,132
2.	Sepulveda Transit Corridor Partners (Bechtel)/ Heavy Rail	\$69,882,427	\$71,321,139 *	\$69,882,427
3.	Tutor Perini, Parsons & Plenary/ Heavy Rail	\$71,500,000		
4.	Sepulveda Transit Corridor Partners (Fengate)/ Light Rail	\$103,800,000		

*Each contract.

D. Background on Recommended Contractors

LA SkyRail Express (LASRE) will serve as the Special Purpose Corporation (SPC) to be formed with John Laing Investments Limited and BYD Transit Solutions LLC identified as equity members. The SPC will be formally created prior to contract execution. LASRE has teamed up with Skanska USA Civil West California District Inc. as the lead construction contractor and HDR Engineering, Inc. as the lead engineering firm. Past projects for firms of this team include engineering on Eagle P3 Commuter Rail Line in Denver, construction on Expo Line light rail transit extension project, and financing on Denver Eagle P3, Hurontario Light Rail Transit in Ontario, Canada, and Sydney Light Rail in Australia.

Sepulveda Transit Corridor Partners - Bechtel (Bechtel) will serve as the Special Purpose Vehicle (SPV) to be formed with Bechtel Development Company, American Triple I Partners, LLC and Meridiam Sepulveda, LLC identified as equity members. The SPV will be formally created prior to contract execution. STCP Bechtel has teamed up with Bechtel Infrastructure as the lead construction contractor and lead engineering firm. Past projects for firms of this team include engineering and construction on Dulles Corridor Metrorail Project in Northern Virginia, and financing on Edmonton Valley Line light rail transit project in Alberta, Canada and LaGuardia Airport Central Terminal Redevelopment in New York.