



## Board Report

File #: 2019-0560, File Type: Contract

Agenda Number: 12.

**REVISED**  
**PLANNING AND PROGRAMMING COMMITTEE**  
**SEPTEMBER 18, 2019**

**SUBJECT: PUBLIC-PRIVATE PARTNERSHIP (P3) FINANCIAL ADVISORY SERVICES BENCH**

**ACTION: AWARD BENCH CONTRACTS**

**RECOMMENDATIONS**

AUTHORIZE the Chief Executive Officer (CEO) to:

- A. AWARD AND EXECUTE five bench Contracts listed below for P3 Financial Advisory Services for a five-year base period in the overall funding amount of \$25 million, subject to resolution of protest(s), if any:
  - 1. Arup Advisory, Inc (PS61431000)
  - 2. Deloitte Transactions and Business Analytics Analysis LLP (PS61431001)
  - 3. Ernst & Young Infrastructure Advisors, LLC (PS61431002)
  - 4. Public Financial Management Financial Advisors LLC (PS61431003)
  - 5. Sperry Capital Inc. (PS61431004)
- B. APPROVE Contract Modification Authority (CMA) in the amount of 20% specific to Contract Nos. PS61431000 through PS61431004 to support the cost of unforeseen issues that may arise during the course of the Contract; and
- C. EXECUTE Task Orders under these Contracts for P3 Financial Advisory Services in a total amount not to exceed \$25 million.

**ISSUE**

LA Metro requires specialized financial consulting services from qualified firms to support the potential use of Public-Private Partnerships (P3) and other alternative delivery models for a variety of transportation-related projects, including but not limited to highway and transit capital, transportation-ancillary facilities, and mobility technology.

The bench of qualified firms shall provide financial expertise and associated resources and deliverables to assist Metro in identifying and evaluating projects where alternative or P3 delivery might offer benefits, advancing these projects through feasibility analysis, pre-procurement and project development phases to procurement, as well as potential post-procurement, implementation,

and administration project phases.

Task orders will be awarded to a contractor from the bench at the completion of a competitive procurement process.

## **BACKGROUND**

Previously, Metro's Planning Department had established a P3 bench involving six disciplines to address a range of financial and technical services that might be required to support P3 or alternative project delivery. Contractors from the P3 advisory bench have been frequently utilized through task orders to support assessments of unsolicited proposals, P3 project development and analysis, support for P3 pre-procurement activities, and development of Metro's P3 program tools.

## **DISCUSSION**

With a shift of P3 program responsibilities to OEI, staff has developed a new approach to identifying and supporting P3 projects whereby various departments utilize both internal and consultant resources to augment a project team, rather than all consulting resources being managed by one group or team. This integrated project team structure has helped to improve collaboration and efficient communication, break down "silos" between various departments, establish greater accountability across the agency for project outcomes, and support a multidisciplinary approach to project planning, development, and delivery.

Since its inception, OEI's role has been to focus specifically on the financial aspects of P3 projects. OEI has utilized the prior P3 advisory bench several times, but only to issue task orders to the financial discipline. Therefore, when the existing bench contract expired in February of 2019, OEI determined with Vendor/Contract Management and other staff involved in P3 projects that a new bench contract should be limited to P3 financial advisory.

In addition to the tasks and deliverables associated with the financial discipline of the previous P3 advisory bench, OEI has expanded the scope of work to incorporate 1) support in the assessment of unsolicited proposals, 2) new types and kinds of innovative transportation projects and facilities, 3) tasks related to contract implementation and administration that would be relevant after a P3 contract award has been approved, and 4) development of programmatic P3 tools such as guidance, methodologies, and other tools that will support broader and more effective P3 literacy within Metro.

## **DETERMINATION OF SAFETY IMPACT**

The approval of this Bench will not have any impact on the safety of our customers and employees.

## **FINANCIAL IMPACT**

Each task order awarded to a contractor will be funded with the source of funds identified for the relevant project. For unsolicited proposal support or programmatic work, OEI will budget from its allocated P3 line item. The FY20 Budget includes funds in account 50316, Project 405701 for P3 consultants. Since this is a multiyear contract, the cost center manager and Chief Innovation Officer

and Deputy Chief Innovation Officer will be responsible for budgeting costs in future years.

### Impact to Budget

The funding for these task orders is dependent upon the specific project. Generally, Propositions A and C, and Measure M funds will be utilized.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended action supports the following Strategic Plan goals:

### **Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.**

Public-private partnerships and other alternative delivery models have been shown to help deliver projects with more certainty, innovation, and performance, and less risk, cost, and delay. This model, applied thoughtfully, can support Metro's goal to expand the transportation system as responsibly and quickly as possible. A focus on performance based contracting can also help Metro to optimize the speed, reliability, and performance of the system through innovative approaches to revitalizing and upgrading Metro's transit assets. Finally, it can support Metro's effort to experiment with new types and kinds of transit services, such as shared, demand-responsive options, with improved outcomes at a lower level of risk.

### **Goal 2: Deliver outstanding trip experiences for all users of the transportation system.**

P3 financial structures are focused on improving performance outcomes while reducing cost and risk. This performance is "guaranteed" by the financial risk of the P3 partner, improving key customer-facing metrics for transit service. Additionally, as new technologies and approaches are developed, the principles of P3s can be applied to innovative new customer-focused applications to enhance the trip experience. This could include anything from fare payment and toll collection to facilities and infrastructure to support an improved customer experience.

### **Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.**

Metro's P3 program is focused on identifying the best value delivery model for each of Metro projects. This includes balancing cost, feasibility, risk, performance, and schedule to deliver the best mobility improvements to taxpayers and system users as soon as possible.

## **ALTERNATIVES CONSIDERED**

The Board could choose not to approve the recommendations. This is not recommended as the award of subsequent task orders would then be pursued as separate procurements which, for each task order, could potentially take several months to complete. This would limit our ability to respond quickly to needs and to meet tight project delivery schedule constraints. The Board could also elect not to approve the CEO's authority to award individual task orders. This is not recommended, as this would limit flexibility and increase evaluation timeframes for proposals and projects, due to the wide variety of financial analysis tasks that bench contractors may be asked to perform in an expeditious manner.

## **NEXT STEPS**

Upon Board approval, staff will establish and execute the Bench contracts. As needed, staff will solicit and award individual task orders.

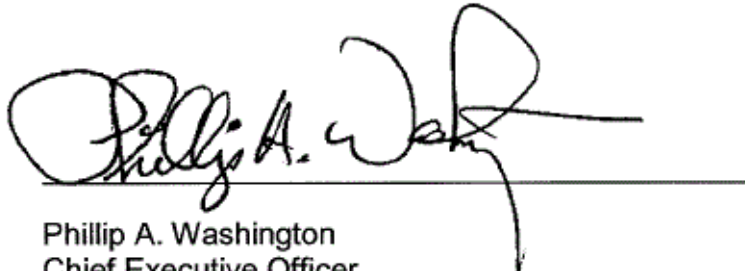
**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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