



## Board Report

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Agenda Number: 24.

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### OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MARCH 18, 2021

**SUBJECT: P2550 LIGHT RAIL VEHICLE (LRV) MIDLIFE MODERNIZATION/OVERHAUL PROGRAM, RAIL VEHICLE CONTRACTOR**

**ACTION: INCREASE THE LIFE-OF-PROJECT BUDGET AND APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

- A. Increase the Life-of-Project (LOP) Budget for the P2550 Light Rail Vehicle (LRV) Midlife Modernization/Overhaul Program (CP 214003) by \$46,340,841 from \$160,000,000 to \$206,340,841.
  
- B. Authorize the Chief Executive Officer to award a firm-fixed unit rate Contract No. P2550-2019 Light Rail Vehicle (LRV) Midlife Modernization to Kinkisharyo International, L.L.C. in the not-to-exceed amount of \$170,349,474 inclusive of Options, for a period of 55 months from Notice-to-Proceed (NTP) for the midlife modernization of the 50 AnsaldoBreda P2550 LRVs.

#### **ISSUE**

Many of the critical systems and components on the AnsaldoBreda P2550 LRV fleet are experiencing parts obsolescence issues, lack of vendor support, and outdated technology. These deficiencies diminish the performance and maintainability of the fleet. By modernizing/overhauling and replacing these critical systems and components, this midlife Modernization Program will maintain the fleet's State of Good Repair (SGR) and ensure the continued safety, reliability, availability, and maintainability of the fleet for revenue service.

In May 2019, the Board authorized staff to issue a federally funded solicitation for a Best Value Request for Proposals (RFPs) as competitive negotiations pursuant to PCC § 20217 and Metro's procurement policies and procedures for the Midlife Modernization/Overhaul Program.

Staff's recommendation presents the firm that is most advantageous to Metro. Kinkisharyo's offer represents the Best Value to Metro when all technical and price factors are considered in accordance with the approved evaluation criteria. The Procurement Summary of this report (Attachment A) further describes the evaluation results and detailed rankings for all Proposers, including the weighted scores associated with each evaluation criteria.

## **DISCUSSION**

The primary objective of the project is to deliver safe, reliable, high quality overhauled LRVs that will be modernized to current technologies. By awarding this contract to Kinkisharyo, Metro will also create and retain local jobs tied directly to Kinkisharyo's participation in the U.S. Employment Plan (USEP) associated with the P2550 LRV Midlife Modernization/Overhaul Program.

The Scope of Work for the P2550 LRV Midlife Modernization/Overhaul Program includes the following critical systems and safety components: Vehicle Door Systems, Propulsion System Controllers, Friction Brake System Controllers, Trucks, Automatic Train Control (ATC)/Automatic Train Operation (ATO) System Controllers, Heating and Air Conditioning (HVAC) System, and Communication System Controllers.

Performing the Midlife Modernization/Overhaul Program is in accordance with the Rail Fleet Management Plan FY2015-FY2040 (Draft, May 24, 2016, v.8). The plan outlines the need to expand rail fleets to accommodate anticipated growth in ridership; line extensions; and to overhaul or replace vehicles reaching mid-life or end of life, as appropriate.

A Source Selection Committee (SSC), consisting of key Metro Operations staff, was assembled to conduct a comprehensive evaluation of the proposals received. The committee reviewed the proposals and evaluated five (5) key factors, weighted in descending levels of relative importance: 1) Experience and Past Performance, 2) Price, 3) Technical Compliance, 4) Project Management, and 5) USEP. The three proposals received were in compliance with the RFP requirements and determined to be within the Competitive Range.

Upon Board approval, Notice-to-Proceed (NTP) will be issued to the recommended vehicle contractor. The midlife modernization of the P2550 LRVs is scheduled to be completed within 55 months following NTP plus warranty phase. The required delivery dates have liquidated damage assessments that may be imposed for late deliveries.

## **USEP**

In January 2018, the Board moved to apply the U.S. Employment Plan to all of Metro's federally funded rolling stock procurements and related contracts with a minimum contract value of \$100 million. Metro's USEP is designed to create new and retain existing jobs created by the Proposers, providing that at least 10 percent of the jobs are targeted for defined disadvantaged populations.

Staff's goal of creating and retaining meaningful new manufacturing jobs that are tied to Metro's Rolling Stock overhaul program was achieved, as evidenced by the fact that the recommended Awardee, Kinkisharyo has committed to creating and retaining jobs totaling \$32,063,402 in wages and benefits. This equates to 143 FTE's for a period of 55 months plus warranty phase.

## **DETERMINATION OF SAFETY IMPACT**

The approval of this Contract award will have a direct and positive impact to system safety, service

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quality, system reliability, maintainability, and overall customer satisfaction. The P2550 Light Rail Vehicle Midlife Modernization Program will permit Metro to maintain the LRV fleet in a State of Good Repair.

## **FINANCIAL IMPACT**

Upon approval of recommendation A, the LOP budget for the P2550 Light Rail Program will increase to \$206,340,841 which reflects \$46,340,841 growth from the current \$160,000,000 LOP. With approval of Recommendation A, the project may execute Recommendation B to award the contract and fund support functions such as Professional Services, Metro Administration and other project activities as needed. Since this is a multi-year contract, the Chief Operations Officer, Project Manager, and cost center manager will be responsible for future fiscal year budgeting.

### **Impact to Budget**

The FY21 budget includes \$900,000 for professional services to continue procurement support for this contract. The budget is found under Project 214003 - P2550 Light Rail Vehicle Midlife Modernization Program, Cost Center 3043 for professional services. Approval of the recommendations and contract award will allow for award and early mobilization payments.

The current source of funds for this action is Prop A 35% Rail funds which are operating eligible. Using this funding source maximizes project funding use given approved guidelines and provisions. Staff continues to pursue additional Federal, State and Local funding sources as they become available.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports strategic plan goal # 1) to provide high-quality mobility options that enable people to spend less time traveling and #5) to provide responsive, accountable and trustworthy governance within the Metro organization.

## **ALTERNATIVES CONSIDERED**

Staff has considered using in-house Metro resources to perform this work. However, this approach is not recommended as Metro does not have sufficient resources and Subject Matter Experts available to perform this work.

The Board of Directors may choose not to authorize the Contract award for this project; however, this alternative is not recommended by Metro staff because the Overhaul Program is critical to maintaining a SGR on the 50 AnsaldoBreda P2550 LRVs and to enable the Maintenance department to effectively plan and schedule its work.

## **NEXT STEPS**

Upon Contract award, Metro will meet with Kinkisharyo for the Contract required Project Kick-off and Specification Review Meeting. During the same meetings, Metro will establish communication and

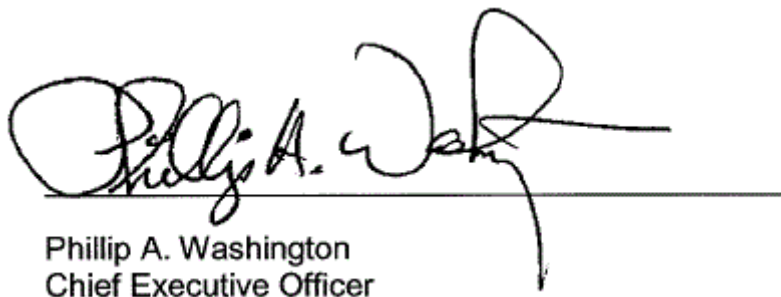
reporting protocols. Key milestones and deliverables, through the shipment of the first two pilot vehicles and delivery of the production vehicles will be discussed to ensure understanding and agreement of requirements to ensure expedient reviews and approvals.

### **ATTACHMENTS**

- Attachment A - Procurement Summary
- Attachment B - DEOD Summary
- Attachment C - Funding / Expenditure Plan
- Attachment D - USEP Board Motion dated January 18, 2018
- Attachment E - Metro Board Report dated May 16, 2019

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