



## Board Report

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**File #:** 2020-0889, **File Type:** Contract

**Agenda Number:** 41.

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**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 18, 2021**

**SUBJECT: SEPULVEDA TRANSIT CORRIDOR PROJECT**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

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, for future consideration.

**ISSUE**

On October 31, 2019, Metro issued Request for Proposals (RFP) No. PS66773 seeking up to two qualified contractors to perform pre-development work for the Sepulveda Transit Corridor Project on a firm fixed price basis, with the potential opportunity for one of the contractors to enter into an Implementation Agreement for project delivery after completion of the pre-development work. Metro will determine which developer (if any) will have the opportunity to potentially proceed with implementation.

The Statement of Work, as included in the RFP, is broken out into five phases. Metro may choose not to issue a Notice to Proceed for any phase, in its sole discretion. In addition, if a Contractor's Transit Solution Concept (TSC), as refined through the PDA process, is not selected by the Board as the locally preferred alternative (LPA) established for construction, the Contract will expire at the end of Phase 3. Metro's decision to request a proposal for implementation from the remaining Contractor, if any, and to proceed with negotiation of such agreement will be made at Metro's sole discretion upon Board approval.

Staff has completed the procurement process and will return to the Board in March 2021 to recommend awarding (1) a contract to LA SkyRail Express for a proposed Monorail technology TSC and (2) a contract to Sepulveda Transit Corridor Partners - Bechtel for a proposed heavy rail technology TSC.

**BACKGROUND**

Metro is planning for the construction of a fixed-guideway transit service running between the San Fernando Valley (“Valley”) and Los Angeles International Airport (“LAX”), through the Westside of Los Angeles (“Westside”). The section of Interstate 405 (“I-405”) between these high-demand areas remains one of the most congested urban freeway corridors in the United States. Prior to the current pandemic (COVID-19), more than 400,000 people moved through this area every weekday. Much of this crowding is a result of the geography of the area and the limited number of roads and public transport options running north-south through the Santa Monica Mountains.

To address the need for additional transportation capacity, the initial phase of the Project will connect the San Fernando Valley to West Los Angeles (“Valley to Westside” or the “Project”), and ultimately extend a final project phase south to LAX (“Westside-LAX Extension”). Each project phase is included in Metro’s Measure M Expenditure Plan, which specifies delivery of the Valley to Westside project phase by 2033-35 and delivery of the Westside to LAX project phase by 2057-59.

The Project is part of the Measure M expenditure plan, with approximately \$5.7 billion for new transit service to connect the San Fernando Valley and the Westside, scheduled to open by 2033-35. Approximately \$3.8 billion is allocated to extend that service from the Westside to LAX with a 2057-59 opening date.

At the December 2019 meeting (Legistar File 2019-0759), the Board received the findings of the Sepulveda Transit Corridor Feasibility Study. The study included the identification and valuation of high-capacity rail transit concepts and alternatives that would provide high quality service to a large travel market between the San Fernando Valley and the Westside, including the LAX area.

## **DISCUSSION**

### **Pre-Development Agreement Approach**

A pre-development agreement (PDA) is a form of early contractor involvement where a private project developer participates in early project definition and design, in partnership with the project owner. PDA contractors will provide technical work products including cost estimates, constructability reviews, technical analyses, etc. that support the ongoing development of the project as it progresses through the environmental review and approval processes.

In July 2019, the Board approved a finding that the use of a PDA approach pursuant to Public Utilities Code Section 130242 will achieve certain private sector efficiencies in the integration of the planning, design and construction of the Project (file 2019-0490).

Previously in 2012, the Metro Board directed Metro staff to “...proceed with all actions necessary to assist in the preparation of a Pre-Development Agreement (PDA) to develop the [Sepulveda Transit Project]” in a motion made by Directors Richard Katz and Mel Wilson, approved at the December 13, 2012 Board meeting. The Board’s approval for solicitation of a PDA also followed receipt by Metro in 2016, of three Unsolicited Proposals (UP) for delivery of the Sepulveda Transit Corridor, each of which offered different approaches to achieve innovative, accelerated delivery of the project. Two of the three also proposed the use of a PDA to advance preliminary definition and design of the project,

followed by project delivery through a potential public-private partnership (P3), which would include the design, construction, finance, and potentially project operations and/or maintenance.

The PDA project development period includes clear phases and milestones, which occur in parallel with, but separate from, the process of developing the environmental documents to satisfy the requirements of NEPA and CEQA. In each phase, a PDA contractor advances the design of its TSC, at Metro’s direction, considering public and stakeholder feedback received by Metro through the environmental process. The conclusion of each PDA phase allows Metro the opportunity to decline to continue its relationship with a PDA contractor. Each Contract would also allow Metro the ability to add work relating to the Westside-LAX Extension to the scope of work under the Contract, in coordination with the environmental process.

After the Board establishes a Locally Preferred Alternative (LPA) for the Project, which is anticipated to occur at the end of PDA Phase 3, Metro may elect to continue pre-development work with a Contractor if its TSC is selected by the Board as the LPA, and the other Contract will expire.

Thereafter, once certain conditions have been met as specified in the Contract, Metro may offer the remaining Contractor the opportunity to submit a firm fixed price proposal (or other pricing model, as determined by Metro to ensure the desired cost certainty) for Project implementation. Metro would review the Project Implementation Proposal and make a recommendation to the Board whether to proceed with a modification to the Contract (called an “Implementation Agreement”) with that Contractor. This Implementation Agreement would potentially include Project financing, operations, and maintenance, as well as final design and construction. This process is summarized in the figure below.



Staff intends to provide quarterly updates to the Board, including status of schedule, budget, and key stakeholder/third party issues. These updates will be coordinated with Planning and Communications Departments.

PDA Solicitation Approach

Metro issued a Request for Proposal (RFP) No. PS66773 for the performance of pre-development work for the Project on October 31, 2019.

In order to participate in this solicitation, prospective Proposers were required to meet certain criteria prior to submitting a proposal, as demonstrated through an Initial Qualifications Submittal. This submittal included information about the prospective Proposer and its equity members, previous experience of the proposed lead construction contractor and lead engineering firm, and the previous experience of proposed equity member(s). A total of five teams were determined to be qualified to submit proposals.

Metro's objective for the PDA was to generate unique and creative concepts to address the mobility challenge in the study area, which could be developed into a feasible project and successfully delivered/implemented within Metro's desired timeframe and budget. To maximize potential competition and innovation, Metro did not specify a required mode, alignment, or configuration for the Project. Firms were encouraged to propose solutions that best met the required project parameters, as stated in the RFP, that were likely to be technically and financially feasible.

Metro staff developed a PDA Solicitation approach to evaluate the technical and financial feasibility of potential PDA team(s) across a range of qualities, including, but not limited to: 1) quality of transit concept, 2) quality of project development approach, 3) project development experience, and 4) project delivery/implementation experience, as well as 5) price components and 6) diversity/inclusion.

This approach was intended to balance the quality of each team's proposed TSC (mode, alignment, configuration, station locations, etc.) with its approach to developing the conceptual TSC proposal into a technically and financially feasible project, and the qualifications and experience that support each team's ability to successfully deliver both the PDA work and the potential project implementation. As part of this, teams were encouraged to identify key project development or delivery challenges associated with its TSC, as well as strategies for mitigating or addressing these risks.

As part of the RFP, Metro established Disadvantaged Business Enterprise (DBE) contract goals for this project in the following percentages:

Phase	DBE Contract Goal in percentage of Payment Amount
1	30%
2	25%
3	23.50%
4	24.94%

Proposals were received by August 26, 2020 from the following four teams:

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

Proposal Evaluation Approach

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Following a responsiveness review, a Proposal Evaluation Team (PET), supported by a range of Subject Matter Experts (SME) through fact-based analysis, reviewed each technical and financial proposal submitted, and scored each proposal according to the Evaluation Criteria described in the RFP. Oral presentations/interviews were conducted with all four proposing teams. The PET members scored the proposals in accordance with the evaluation procedure outlined in the RFP, the final scores were calculated and the highest-ranked proposal for each proposed transit mode was determined.

The following firms were determined to be the two highest ranked proposers:

- LA SkyRail Express team (Monorail); and
- Sepulveda Transit Corridor Partners - Bechtel (Heavy Rail)

Attachment B provides further details regarding the procurement process including:

1. The number of questions received from Proposers,
2. The Amendments to the RFP issued by Metro,
3. The evaluation process,
4. A summary of the qualifications of the recommended teams,
5. The evaluation scores, and
6. A price analysis

### Consistency with Metro's Equity Platform Framework

To help address disparities in access to opportunity across Los Angeles County, the Metro Board adopted the Equity Platform policy framework in February 2018 and a working definition of Equity Focus Communities (EFC) in June 2019. The Sepulveda Transit Corridor is consistent with the Metro Equity Platform in that the alternatives help address accessibility for residential and employment centers, support for transit-oriented communities' policies, support for first/last-mile connections, and investment in disadvantaged communities. In addition, ridership estimates suggest that a large share of the ridership demand would include low-income riders. Going forward, the Project will use the working definition of EFC along with other metrics as appropriate to guide analyses and to conduct robust community engagement.

### Community Outreach

The Board awarded a separate outreach contract (Contract No. PS68039000) to Arellano Associates LLC at its December 2020 Board meeting. The outreach contractor will support the facilitation and implementation of a Community Participation Program (Program) for the Project, inclusive of the environmental study, the work of the PDA developers as it contributes to the outreach associated with the environmental study, related advanced conceptual engineering (ACE) and associated transit-oriented communities (TOC), first/last mile planning and design of the Project. Using Metro's Equity Platform as a guide, the Program will prioritize genuine public and community engagement to a wide array of diverse stakeholders, using tactics and strategies appropriate to the Project's stakeholders, including those who reside within the Study Area and those who travel through it.

## **FINANCIAL IMPACT**

This Project is funded on a fiscal year basis under Project number 460305 Sepulveda Transit Corridor, cost center 8510, under various accounts including Professional/Technical Services and \$9.1M is included in the FY21 Adopted Budget. This amount is consistent with the CEO's Call to Action Financial Recovery Plan. This is a multi-year project requiring expenditure authorizations in fiscal year increments until a Board Authorized Life of Project Budget is adopted. It is the responsibility of the Cost Center Manager, Project Manager and Chief Program Management Officer to budget for this project in the future fiscal years and within the cumulative budget limit for the affected fiscal year.

### Impact to Budget

The Sepulveda Transit Corridor Project is included in Metro's current Long Range Transportation Plan (LRTP), as approved by the Metro Board in 2020, which is consistent with the Measure M expenditure plan approved by LA County voters in 2016. Funding for the Project in the Expenditure Plan is broken down into three phases with approximately \$9.7 billion in total funding (2015 dollars). Phase 1, with \$260 million in funding, includes implementation of Metro ExpressLanes on the I-405 between the 10 and 101 Freeways with an opening date of Fiscal Year (FY) 2026. Phase 2, with approximately \$5.7 billion in funding, includes a fixed-guideway transit service between the San Fernando Valley and the Westwood area of Los Angeles, with an opening year of FY 2033. Phase 3, with approximately \$3.8 billion in funding, involves extending the Phase 2 project southward to LAX, with an opening year of FY 2057.

These funds are earmarked for the Sepulveda Transit Corridor project and are not eligible for Metro bus and rail capital and operating expenditures. This project is currently funded on a Fiscal Year to Fiscal Year basis until such time that a Life of Project Budget (LOP) is adopted.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Sepulveda Transit Corridor Project will support the first goal of the Vision 2028 Metro Strategic Plan by providing high-quality mobility options that enable people to spend less time traveling. Travel times are forecast to be less than 30 minutes for Valley-Westside (from the Ventura County Metrolink Line in the north to the Expo Line in the south), and less than 40 minutes for Valley-Westside-LAX (from Metrolink to the Crenshaw/LAX Line). This performance is highly competitive with travel by car on the I-405 freeway.

The project will also support the goals of the strategic plan by enhancing communities and lives through mobility and access to opportunity by adding a new high-quality mobility option, closing a gap in the rail network that provides outstanding trip experiences and enhances communities and lives through mobility and access to opportunity.

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**NEXT STEPS**

As outlined in this Board report, staff is submitting its recommendation for contract award(s) as a RECEIVE AND FILE for review. Staff intends to return to the Board in March 2021 for Board approval of contract award and authorize staff to execute a contract with LA SkyRail Express in an amount not to exceed \$63,605,132 and a contract with Sepulveda Transit Corridor Partners - Bechtel in an amount not to exceed \$69,882,427 to initiate the pre-development work.

**ATTACHMENTS**

Attachment A - [Sepulveda Project Final Feasibility Report](#)

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Attachment B - Procurement Summary

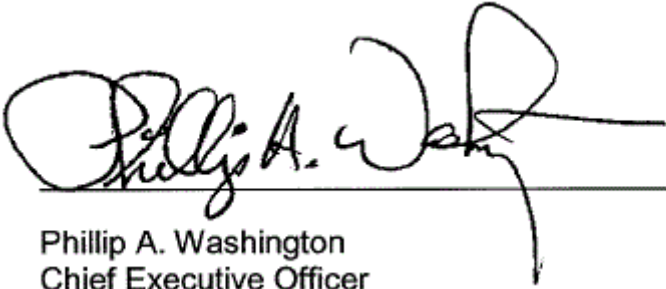
Attachment C - DEOD Summary

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