



## Board Report

File #: 2021-0544, File Type: Contract

Agenda Number: 29.

### CONSTRUCTION COMMITTEE OCTOBER 21, 2021

**SUBJECT: EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT PROJECT**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. FINDING that authorization of the use of Public/Private Partnership (P3) will achieve the design, build, finance, and participation in oversight of Operation and Maintenance of solar photovoltaic (PV) power (commonly known as solar panels) generation system at the Maintenance and Storage Facility for the East San Fernando Valley Transit Corridor Project (ESFV) pursuant to Public Utilities Code Section 130242; and
- B. APPROVING a competitive solicitation of a P3 contract to achieve the proposed design, specific features and functions, and other qualifications in addition to price, pursuant to Public Utilities Code Section 130242.

#### **ISSUE**

Pursuant to Public Utilities Code Section 130242, staff is requesting Board approval to use a P3 method as an alternative delivery project method to design, build and finance a solar panel system at the Maintenance Facility for the ESFV Project. Upon determination of the qualified firm, staff will return to the Board with a recommended selection for approval.

#### **BACKGROUND**

The ESFV Project is a light rail system that will extend north from the Van Nuys Metro G-Line, previously known as the Metro Orange Line, station to the Sylmar/San Fernando Metrolink Station, a total of 9.2 miles with 14 at-grade stations. The Metro Board certified the Final Environmental Impact Report on December 3, 2020. The Project achieved Record of Decision on January 29, 2021. The Project is currently finalizing the preliminary engineering design, with street improvements and guideway design advanced to 60 percent and all other design elements (stations, maintenance/storage facility and systems) to 30 percent. Final design for select advanced utility

relocations is also being advanced.

The Project includes a Maintenance and Storage Facility (MSF) that covers approximately 21-acres and includes several buildings that are an opportunity to implement a solar photovoltaic (PV) power system. The current 30 percent design will require some modifications to accommodate the proposed PV system

## **DISCUSSION**

In April 2021, the Board approved the ESFV Project as a priority for pursuing a grant from the Federal Transit Administration (FTA) Expedited Project Delivery (EPD) Pilot Program. The estimate for Federal EPD Grant funding that will be eligible for the project is approximately \$700M. To fulfill one of the EPD statutory requirements, a Public Private Partnership (P3) component is required to be included as part of the overall project. FTA has agreed that Metro Board approval of a P3 component for the project would allow Metro to submit the EPD grant application. The estimated cost of the P3 Contract to install the complete PV system is approximately \$7M dollars.

This Board authorization request for P3 delivery is for a PV Power system (solar panels) to be applied to the ESFV Maintenance Facility. Given that Metro strives to meet sustainability goals across our transit systems, installation of a PV power system as a component of the Maintenance and Storage Facility on ESFV will help to achieve those goals. In addition to meeting the requirements of the EPD Grant, and helping to achieve sustainability objectives, the proposed P3 contract will provide an opportunity for Metro to engage with the private sector to manage cost, schedule and performance of the PV power system over a long-term contract.

The Metro Chief Executive Officer has implemented a reorganization structure which includes a section that identifies and focuses on alternative project delivery. The reorganization will position senior management to produce oversight, evaluate and apply alternative delivery methods that will help to balance risk, cost, schedule and other benefits for Metro. Metro leadership and management of the ESFV Project, including the P3 component, will be in accordance with the Metro reorganization structure.

The firm selected from the private sector following the P3 procurement process will provide the funds (including finance charges) for the capital costs, and be responsible for the design, procurement and installation of the solar panels, battery energy storage system and related infrastructure.

Metro Union forces will be performing Operations and Maintenance of the PV power system under current Metro Labor Agreements. However, the P3 contractor will work with Metro Operations to provide protocols, procedures and guidance to oversee and assure the PV system continues to meet performance metrics over the life of the contract.

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Metro will use the power generated by the PV system and will store any excess power not used. Availability payments for the P3 contractor will include scheduled payments over the life of the contract for the capital cost and for oversight and assistance for operations and maintenance of the PV system. Availability payments will also be based on requirements for system performance, efficiency, and reliability.

Metro's experience with this type of contract has been successful on the Metro Support Services Center (MSSC) Solar Energy & Energy Conservation Equipment Project - A Public/Private Partnership, where a similar P3 contract was used for the contractor to design and install the PV system, and Metro Labor forces provided the operations and maintenance under Metro Labor Agreements. Under the Services Center P3 contract, the contractor also provided professional guidance and training for operations and maintenance of the PV system over a long term contract.

### **Equity Platform**

The Project study area has a high population density and large transit-dependent population who rely on transit for daily transportation, including commuting. The overall population density and the transit dependent population density are both more than twice as high in the project study area as in the urbanized area of the County as a whole. The project study area average of 0.53 zero-vehicle households per acre is 77 percent higher than the 0.30 County average. The project study area average transit dependent population of 7.04 persons per acre is more than 100 percent higher than the 3.21 County average. The project study area average of 2.26 adult persons below the poverty line per acre is over two times the 1.08 County average. Continued population growth will increase the demand for transit service and result in additional roadway congestion adversely affecting air quality and bus transit service and performance.

To address challenges and needs, the Project will improve mobility in the eastern San Fernando Valley by introducing an improved north-south transit connection. The Project will also provide new reliable service and/or infrastructure that improves passenger mobility and enhances transit accessibility/connectivity for residents within the Project study area to local and regional destinations and activity centers. Per available heat assessment data, the San Fernando Valley already experiences maximum temperatures upwards of 20°F hotter than other parts of Los Angeles, and the number of days above 95°F (extreme heat days) is at least 5 times that of other, more coastal areas of the region. The Solar photovoltaic power generation system will assist in California's Flex Alert when high temperatures threaten California's electric grid. The Solar power generation system will help conserve energy when demand for power could outstrip supply, which generally occurs during heat waves when electrical demand is at its highest.

The Project procurement process for this contract will be an open solicitation and will be posted on Metro's vendor Portal and advertised. A pre-proposal conference will be held, and information will be posted on Metro's Vendor Portal to ensure outreach and networking opportunities. Staff will work with DEOD to establish any SBE/DBE/DVBE goals for the contract commitments.

### **DETERMINATION OF SAFETY IMPACT**

This Board action will not have an adverse impact on safety standards for Metro.

### **FINANCIAL IMPACT**

This Project is funded on a fiscal year basis under Project number 865521 East San Fernando Valley Light Rail Transit Corridor, cost center 8510, under various accounts including Professional/Technical Services and \$251,167,442 is included in the FY22 Adopted Budget. 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**

There are no impacts to the FY 22 Budget. In the future, there may be a small impact during the 25-year term of the P3 agreement to Operations eligible funding as Metro would be responsible for the operations and maintenance of the solar panels and battery energy storage system. Annual O&M costs and availability payments will be budgeted in future fiscal years.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Project supports the following strategic goals:

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

The purpose of the Project is to provide high-capacity transit service in the San Fernando Valley.

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

The at-grade light rail system will attract bus ridership and improve the trip experience for users of the transportation system.

Strategic Goal 3: Enhance communities and lives through mobility and access to opportunity.

With 11 stations, including connections to Metro G-Line and Metrolink, the ESFV enhances mobility to the community.

Strategic Goal 4: Transform LA County through regional collaboration and national leadership.

Collaboration with the elected officials, citizens, and Metro patrons of San Fernando Valley continues to positively impact the Project.

### **ALTERNATIVES CONSIDERED**

The Board may direct staff to pursue a capital construction project to be designed and built by Metro. Staff does not recommend this approach, as alternatives that do not include a P3 component would not allow Metro to submit an EPD grant application. With the EPD Program funded on a first-come/first-serve basis, and with limited funding authorized and appropriated by Congress, staff recommends taking advantage of the P3 contracting method for the ESFV Project.

Further, staff believes that pursuing a PV system through a P3 contract will engage the private industry in a positive way and embrace renewable energy generation and energy conservation without spending large amounts of upfront capital dollars.

### **NEXT STEPS**

After approval of the staff recommendation for a P3 contract, staff will develop a P3 contract package and competitively procuring a P3 contractor. A Request for Proposals (RFP) will be developed using the methods outlined above, and staff will return to the Board with a recommendation to award a contract to a qualified proposer.

Evaluation criteria employing objective selection criteria, including price, will be included in the RFP. The evaluation criteria will be structured to help ensure the selection of a qualified proposer with experience in design and construction of PV power system, experienced technical and management personnel, demonstrated experience with third-party permitting and approvals, and proven strategies for implementing a collaborative approach.

Prepared by: Rick Meade, Senior Executive Officer, Program Management, (562) 524-0517

Reviewed by:

Bryan Pennington, Chief Program Management Officer, (213) 922-7557

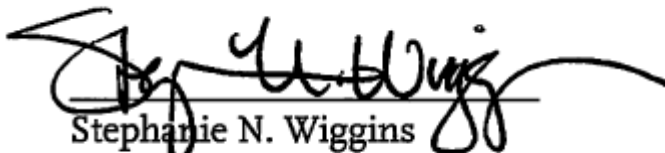
Debra Avila, Chief Vendor/Contract Management Officer,  
(213) 418-3051

Nalini Ahuja, Chief Financial Officer, (213) 922-3038

Patrice McElroy, Interim Chief Human Capital & Development Officer, (213) 418-3171

James Dela Loza, Chief Planning Officer, (213) 922-2920

Joshua Schank, Chief Innovation Officer, (213) 418-3345



Stephanie N. Wiggins  
Chief Executive Officer