



Board Report

File #: 2023-0738, File Type: Contract

Agenda Number: 35.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JANUARY 18, 2024

SUBJECT: HR5000 HEAVY RAIL VEHICLE (HRV) PROCUREMENT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. AWARD Contract No. HR5000-2023 to the Hyundai Rotem Company for the manufacturing and delivery of 182 heavy rail vehicles (HRVs), in the amount of \$663,688,303 for the base contract buy, exclusive of one (1) contract option for an additional 50 HRVs, totaling 232 HRVs, subject to resolution of the protest submitted to Metro;
- B. APPROVE a combined Life of Project (LOP) budget of \$730,057,133, which includes the cost of the vehicle contract of \$663,688,303 and Contract Modification Authority of \$66,368,830; and
- C. NEGOTIATE AND EXECUTE future contract modifications to the Contract up to \$1,000,000.

ISSUE

New HRVs are required to meet the revenue service requirements and enhanced service capacity for Westside D (Purple) Line Extensions (PLE) 2 & 3, as specified in the 30/10 Initiative, as well as replace the existing A650 HRV fleets when they have reached the end of their useful lives.

BACKGROUND

In December 2022, the Board authorized staff to issue a federally funded solicitation for a Best Value Request for Proposals (RFP) utilizing competitive negotiations pursuant to PCC § 20217 for the procurement of the 182 Base Order and 50 Option HRVs. Metro's Rail Fleet Management Plan FY2020 - FY2040, describes the rail fleet requirements to accommodate anticipated growth in ridership, support line extensions and replace vehicles reaching the end of their useful revenue service lives.

The existing A650 HRV fleets consist of 100 vehicles; 30 Base Buy, DC-motor HRVs of which four (4) have been retired, and 74 Option Buy, AC-motor HRVs. Based on a 30-year useful life, the Base Buy vehicles were scheduled to be retired between 2022 and 2023, and the Option Buy vehicles starting between 2027 and 2029.

The HR4000 HRV procurement project will deliver 64 new HRVs by mid-2025; thirty will be used to replace the original 30 A650 Base Buy HRVs, and the remaining 34 HRVs will be used to support the expanded service with the opening of Purple Line Extension 1.

The intent of the HR5000 program is to procure the additional one hundred eighty-two (182) Base Order HRVs anticipated to be needed for PLE Sections 2 & 3, System Service Expansion, and replacement of the existing seventy-four (74) A650 Options Order vehicles.

DISCUSSION

Staff's recommendation presents the firm that is most advantageous to Metro. Hyundai Rotem Company's offer represents the Highest Rated and Best Value to Metro when all technical and price factors are considered in accordance with the RFP evaluation criteria, including US content and Employment Plan. The Best Value evaluation is inclusive of the vehicle quantities for the Contract Base and Contract Option. The Procurement Summary (Attachment A) further provides the detailed evaluation results and rankings for all proposers, including the weighted scores associated with each evaluation factor.

The 182 HRV Base Order will address the operational service requirements of PLE Section 2; PLE Section 3, replacement of the existing A650 Option vehicles, which will be reaching the end of their useful revenue service lives in approximately ten (10) years; and fulfilling the headway commitment as well as supporting Metro's planned HRV Line service expansion.

If the Board approves this Contract, Hyundai Rotem Company is expected to deliver 42 new HRVs by April of 2028, as indicated in their current schedule to support the 2028 Olympics in Los Angeles. The balance will be delivered by the end of April 2030 to support committed levels of service for service expansions.

The contract includes incentives to complete delivery of the first three married-pairs (6 pilot HRVs) by May 1, 2027, thirty-nine (39) months following the issuance of NTP. Thirty-six production vehicles are scheduled to be delivered by the end of April 2028. The contract also includes provisions to impose liquidated damages for late deliveries.

The Contract contains one (1) option for up to 50 additional vehicles, as part of this procurement action, but the authority to award the option is not included in the staff recommendation. Should Metro determine the need to exercise this option, approval to do so will be requested.

This procurement complies with Buy America and Metro's Manufacturing Careers Policy.

On November 21, 2023, Stadler US filed an official protest of the determination of the HR5000 Contractor selection. The protest questioned Metro's final scoring calculations and Hyundai Rotem's

performance beyond the 10-year reporting term required by the Request for Proposals. The protest is anticipated to be resolved by the January 2024 board meeting date.

DETERMINATION OF SAFETY IMPACT

The approval of this contract award will have a direct and positive impact on system safety, service quality, system reliability and overall customer satisfaction. The procurement of 182 new HRVs will feature the most current safety systems and augment service levels in addition to replacing the existing A650 series HRVs.

FINANCIAL IMPACT

The total requested LOP budget is a combination of contract amount for the 182 Base Order HRVs of \$663,688,303 and 10 percent (10%) Contract Modification Authority, which equals \$730,057,133. The base order impacts three projects: HR5000 Heavy Rail Vehicle Acquisitions, PLE Section 2, and PLE Section 3.

Since this is a multi-year contract, the cost center managers, project managers, Chief Operations Officer, and Chief Program Management Officer will ensure that costs will be budgeted in their respective projects for future years.

Impact to Budget

The FY24 planned expenditure of \$70,000,000 is included in the combined annual budget for HR5000 Heavy Rail Vehicle Acquisition project, Cost Center 3043, Rail Vehicle Acquisition, and in PLE Sections 2 and 3 projects, Cost Center 8510, Construction Contracts/Procurement. The current sources of funds for this action affecting PLE Sections 2 and 3 are a combination of Federal New Starts, TIFIA, Measure R 35%, and Measure M 35%. Due to the four minute headway requirement for the PLE projects and the difference between estimated vs. actual cost per vehicle, it is anticipated that PLE projects may seek an increase to their LOP in the future to reflect the new vehicle cost and number of vehicles needed. Funding sources for the PLE Sections 2 and 3 are planned for the design, construction, and rolling stock procurement efforts; these funds are not eligible for operations. Funding for the replacement vehicles share of the procurement is Proposition A 35%, which is eligible for rail operations. Upon Board approval of the Recommendations, staff will pursue additional eligible federal and state funding sources to augment the funding for the projects.

EQUITY PLATFORM

Part of the new HR5000 rail vehicles will be used to replace the existing aged A650 Option vehicles and the remaining will be used on the D Line Extensions. Approving the recommendations in this board report will support the identified fleet expansion and service needs and will encourage fair, competitive bidding processes for the selection of best value, qualifying contractor to deliver new vehicles on Metro's existing heavy rail vehicle lines. The existing B and D Heavy Rail Lines currently serve passengers in majority Equity Focus Communities (EFC) who rely on public transportations to commute to their jobs and other life commitments. With the D Line Extensions, EFC will have expanded access to opportunities in the Westside Cities/West Central Los Angeles subregions. The

new HR5000 fleet is required to accommodate such expansions. Based on the 2019 Customer Survey, the B and D Heavy Rail Lines serve the following ridership:

- 27.7% below the poverty line
- 56.4% had no car available

Rider Ethnicity:

- Latino 38.9%;
- Black 13.1%;
- White 25.8%;
- Asian/Pacific Islander 15.2%;
- Other 6.5%

In addition, these areas include Union Station to Downtown LA, Koreatown (Wilshire/Western), Hollywood, Universal City, and North Hollywood.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These recommendations support Metro Strategic Plan Goal No. 5) to “provide responsive, accountable, and trustworthy governance within the Metro organization”. This goal strives to position Metro to deliver the best possible mobility outcomes and improve business practices so that Metro can perform more effectively and adapt more nimbly to the changing needs of our customers.

ALTERNATIVES CONSIDERED

The Board of Directors may choose not to authorize the contract award for this project; however, this alternative is not recommended as this project is critical to support the Purple Line Extensions, committed level of service to FTA, Olympic service need, and retirement the oldest HRVs in the fleet.

NEXT STEPS

Upon Board approval of the Recommendations, a Contract will be executed and a Notice-to-Proceed will be issued to the Hyundai Rotem Company once all insurance and bonding requirements are met. Metro and the Hyundai Rotem Company will then mobilize required resources to ensure timely completion of deliverables by the Vehicle Contractor. Staff will also begin solicitation for consultant services to assist Metro with the Project Management/Control and Technical Support Services. Here are the top-level project milestones:

Board Award Approval	January 2024
Issue NTP	February 2024
Pilot Car Delivery & Acceptance (6 cars)	May 2027
Complete delivery of first 36 base order cars	April 2028
Complete delivery of all 182 base order cars	April 30, 2030 (NTP + 75 months)

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary
Attachment C - Funding & Expenditure Plan

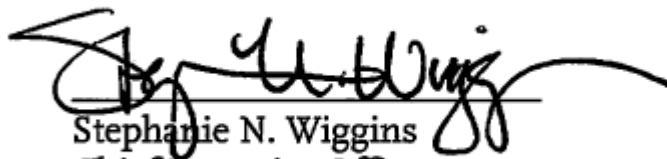
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