



Board Report

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Agenda Number: 7.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 15, 2017**

SUBJECT: P2000 LIGHT RAIL VEHICLE (LRV) OVERHAUL PROGRAM, RAIL VEHICLE CONTRACTOR

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

RECOMMENDATION

CONSIDER:

- A. AUGMENTING the Life-of-Project (LOP) Budget for the **P2000 Light Rail Vehicle Overhaul Program** (CP 206044) by \$30,000,000 adjusting the LOP Budget from \$130,800,000 originally established March 2013, to \$160,800,000;
- B. AUTHORIZING the Chief Executive Officer to award a firm-fixed price Contract No. OPP2000 Light Rail Vehicle Overhaul to Alstom Transportation Inc. in the amount of \$140,079,867, inclusive of taxes for a period of 50 months for the overhaul and delivery of the 52 P2000 LRVs, subject to resolution of protest(s), if any; and
- C. FINDING that the award to Alstom Transportation, Inc. is the proposer providing the best value and is the most advantageous to Metro.

ISSUE

The fifty-two Siemens P2000 vehicles are approximately 14-17 years old; having been delivered to Metro between 2000 and 2003. Many of the critical systems and components on the P2000 fleet are experiencing parts obsolescence issues, lack of vendor support and outdated technology. These deficiencies diminish the performance and maintainability of the fleet. A condition based assessment (CBA) was performed to identify the critical systems and components impacting performance. By overhauling and replacing these critical systems and components, this Overhaul 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 July 2014, 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 Overhaul Program. Staff's recommendation presents the firm that is most advantageous to Metro. Alstom Transportation Inc.'s offer represents the Best Value to Metro when all technical and price factors are considered in accordance with the approved

evaluation criteria. The recommended price addresses all contract requirements and represents the best overall value when all RFP evaluation factors are considered, including clear advantages in experience, completing the project on time and providing the least amount of risk on Metro track, staff and facilities. 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.

The recommended contract price includes \$3,519,880 of provisional sums for known unknown work that could arise during the term of the contract. The contract terms prohibit the Contractor from expending any portion of that amount until the Contracting Officer issues a written Task Order for that work.

DISCUSSION

The primary objective of the project is to obtain safe, reliable, high quality overhauled LRVs on-time and within budget, and to create new jobs for Los Angeles County that can be tied directly to the Overhaul Program.

The Scope of Work for the P2000 LRV Overhaul Program is based on a CBA used to identify the critical systems and components impacting performance. The Scope includes the following critical systems and 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 Overhaul Program is in accordance with the Rail Fleet Management Plan FY2015-FY2040 (Draft, May 24, 2016, v.8). The plan outlines the anticipated program 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.

Metro's Source Selection Committee (SSC) reviewed the proposals and evaluated four (4) key factors, weighted in descending levels of relative importance: 1) Experience and Past Performance, 2) Price, 3) Technical Compliance, and 4) Project Management. Metro also applied the US Department of Transportation's (US DOT) pilot Local Employment Program (LEP) as voluntary incentive evaluation criteria. The two proposals received were in compliance with the RFP requirements and determined to be within the Competitive Range.

Upon Board approval and after receipt of Contractor performance bonds and insurance certificates, a Notice-to-Proceed (NTP) will be issued to the vehicle contractor. Completion of the 52 overhauled base order LRVs is scheduled to be completed within 50 months following NTP. The required delivery dates have liquidated damage assessments that may be imposed for late deliveries.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) goal for this procurement as it is not applicable (please refer to Attachment E). This procurement falls under the Federal Transit Administration's (FTA) Transit Vehicle Manufacturer (TVM) goal in accordance with 49 Code of Federal Regulations (CFR) Part 26.49. Alstom Transportation Inc. reported 9.23% TVM goal and qualifies under the FTA's eligible

list.

Metro's Transit Asset Management Team and Operations partners are currently reviewing draft asset condition reports from our contractor who has evaluated major component wear on all of our light and heavy rail fleets. While the review of the draft report is ongoing, the draft report strongly supports the need for a major recapitalization of P2000 vehicle fleet, particularly propulsion power. According to the draft report, The P2000 overall fleet score is 2.5 out of 5.0 which represents an overall marginal condition. Per the FTA Transit Asset Management rating scale a score below 3.0 indicates an asset has just passed its normal lifecycle and is in need of lifecycle extending components and rehabilitation. A marginal rating does not imply the P2000 fleet is unsafe to use; however, it does imply the need for increased inspections, with expectations of lower levels of fleet availability for daily service. Only 17% of the P2000 fleet achieved an adequate rating, which strongly supports the need for a mid-life overhaul to help ensure that the P2000 rail vehicles can reliably reach the end of their expected 30 year useful life. Our even older fleet, the P865 actually had higher levels of fleet reliability than the P2000 fleet and are scheduled for replacement by the P3010 fleet sometime this Spring. Newer fleet types had significantly better overall Transit Asset Management ratings. Upon completion of the final report, a Board Box will be issued that discusses all of the report's findings in detail.

US DOT Contracting Initiative Pilot Program

Metro created a new Local Employment Program (LEP) that was approved for use under the U.S. Department of Transportation's (DOT) Contracting Initiative Pilot Program. This pilot program allows for the use of geographical preferences in the evaluation of Construction and Rolling Stock projects. Metro's LEP was approved for use on the P2000 Light Rail Vehicle Overhaul Program on a voluntary basis, and established evaluation scoring preferences for Proposers that commit to creating new local jobs for Los Angeles County residents.

DOT and FTA determined that using a Los Angeles County geographical preference for a rail car overhaul project would not provide an unfair competitive advantage for any one Proposer. Metro's LEP is limited to new jobs created by the Proposers in Los Angeles County, provided that at least 10 percent of the jobs are targeted for defined disadvantaged populations in Los Angeles County. Metro's LEP incentivized Proposers to create new jobs in Los Angeles County as a function of the Best Value evaluation process, by providing preferential scoring points based on the committed wages and benefits for new Los Angeles County workers.

Staff's goal of creating 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, Alstom Transportation Inc. has committed to creating new jobs in Los Angeles County totaling \$3,031,184 in wages and benefits

DETERMINATION OF SAFETY IMPACT

The approval of this Contract award will have a direct and positive impact to system safety, service quality, system reliability, maintainability and overall customer satisfaction. The P2000 Light Rail Vehicle Overhaul Program will permit Metro to maintain the SGR on the LRV fleet.

FINANCIAL IMPACT

If recommendation A is approved, this action augments the LOP Budget for the P2000 Light Rail Vehicle Program (CP 206044) by \$30,000,000, adjusting the LOP budget from \$130,800,000 to \$160,800,000. The total not-to-exceed Contract amount to support the Overhaul Program is \$140,079,867.

The FY17 planned expenditure of \$11,881,000 is included in the FY17 budget for the Overhaul Program in Cost Center 3043, Rail Vehicle Acquisition, Account 50308, Service Contract (Non-Bus) Maintenance, under CP 206044, P2000 Light Rail Vehicle Overhaul Program.

Since this is a multi-year contract, the cost center manager will be responsible for dispersing the cost for subsequent years.

Impact to Budget

The source of funds for this action is Federal Section 5337 State of Good Repair Funds provided under the Transportation Improvement Program (TIP). Other eligible source of funds include Proposition A 35% and Measure R 2% which is eligible for rail capital activities. At this time, staff is developing guidelines for the Measure M (MM) Ordinance which may allow for the utilization of MM 2%-State of Good Repair, MM 5%-Rail Operations and MM 20%-Transit Operations as Rail State of Good Repair efforts are eligible uses for these MM fund sources. These guidelines are planned for adoption approximately midyear 2017. Concurrently, staff is actively pursuing additional State and Federal sources such as FAST Act and other eligible federal sources to further supplement this project. Staff is also pursuing additional State and Local funding sources such as Cap and Trade and similar sources as they become available to meet the project funding needs.

ALTERNATIVES CONSIDERED

Staff considered using in-house Metro resources to perform this work. 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 52 Siemens P2000 LRVs and to enable the Maintenance department to effectively plan and schedule its work.

NEXT STEPS

After Contract award and NTP, Metro will meet with Alstom Transportation Inc. for the Contract required Specification Review Meeting. During the same meeting, 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 - Funding/Expenditure Plan

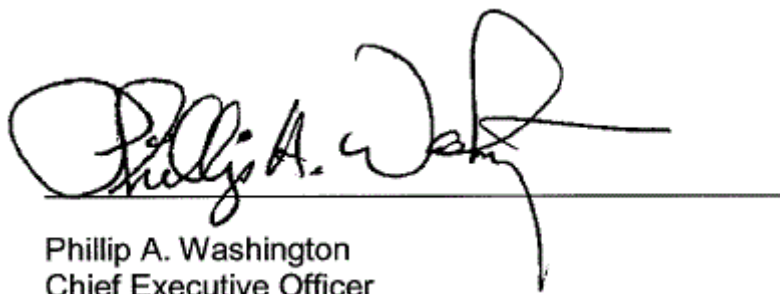
Attachment C - Metro Board Report July 17, 2014

Attachment D - FTA Local Hiring Program Ltr Dated 09 30 2015

Attachment E - DEOD Summary

Prepared by: Annie Yang, Sr. Director, Project Control, Rail Vehicle Acquisition, (213) 922-3254
Jesus Montes, Sr. Executive Officer, Vehicle Acquisitions, (213) 922-3838

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 922-4424
Debra Avila, Chief, Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington
Chief Executive Officer