Los Angeles County Metropolitan Transportation Authority One Gateway Plaza 3rd Floor Board Room Los Angeles, CA



**Board Report** 

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# OPERATIONS SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MAY 16, 2019

### SUBJECT: P2550 LIGHT RAIL VEHICLES MIDLIFE MODERNIZATION - REQUEST FOR PROPOSAL SOLICITATION AND ESTABLISH LOP

ACTION: APPROVE RECOMMENDATIONS

#### RECOMMENDATION

#### CONSIDER:

A. AUTHORIZING the Chief Executive Officer (CEO) to solicit a Best Value Request for Proposals (RFPs), as competitive negotiations, pursuant to Public Contract Code (PCC) §20217 and Metro's procurement policies and procedures for the midlife modernization of Metro's P2550 Light Rail Vehicles (LRV's); and

(REQUIRES 2/3 VOTE OF THE FULL BOARD)

B. ESTABLISHING a Life of Project budget (LOP) of \$160 million for the midlife modernization of Metro's fifty (50) P2550 LRVs; for CP 214003 (P2550 Light Rail Vehicle Mid-Life Modernization). This is an initial estimate for the midlife project; adjustments will be made once proposals are received and evaluated.

### <u>ISSUE</u>

The P2550 fleet, consisting of 50 Light Rail Vehicles (LRVs), is reaching its recommended period for mid-life modernization. Due to age, service loads, and increased difficulties with maintaining the fleet, this mid-life work is required to maintain fleet reliability, maintainability, and State of Good Repair. Additionally, it is an opportunity to upgrade systems to provide our customers with the latest transit amenities. Deferment of this work, at a minimum, will result in degradation of performance to critical systems, potentially impacting safe, reliable, and maintainable operations.

#### BACKGROUND

Currently, 50 P2550 LRV's are assigned to the Gold Line; operating from Azusa to East Los Angeles, via Union Station (29.7 miles, each direction). The LRV's are on average 10 years old from date of acceptance and have an average mileage of approximately 720,000 revenue service miles.

The manufacturer's recommended frequency for overhaul/midlife modernization work to the major systems and sub-systems is at 5, 10, and 15 year intervals. Metro's Rail Fleet Services (RFS) and Rail Vehicle Acquisitions (RVA) coordinate to schedule and perform the required work. RFS has developed and implemented component level refurbishment programs to repair and/or overhaul key systems and components that are currently impacting service reliability for this fleet. The removal and replacement of overhauled components and systems is performed in-house. In parallel, RVA develops a modernization plan, performed at the fleet's mid-life, to upgrade critical systems that have, or are about to become obsolete. In addition, this opportunity is used to upgrade features to provide our customers the latest transit amenities. These include but are not limited to improved lighting, ADA signage, passenger announcements systems, security & surveillance systems, and an Automatic Passenger Counting system. Due to the complexity of the work, the midlife modernization work is outsourced.

# DISCUSSION

The P2550 LRV's have reached the point at which the recommended midlife modernization must be initiated for it to be completed at or near mid-life. The need for the midlife modernization work is evident due to the fleet's age, the observed wear and tear, the increased maintenance demands, and the increased challenges with repairing and replacing obsolescent parts and obtaining supplier support.

It is in the public's interest to utilize competitive negotiation rather than a sealed bid process to consider factors other than price in the award of contracts for vehicles and refurbishment of vehicles, as allowed under PCC §20217. Staff recommends the use of Best Value solicitations to allow for the consideration of technical and commercial factors, as well as price, in the contract award process. By establishing explicit factors that identify Metro's definition of best value, the solicitation can use important evaluation criteria to augment price considerations such as past performance related to schedule adherence, quality, reliability, vehicle performance, and a U.S. Employment program, as mandated by new Board policy.

In addition to the ability to evaluate key technical and schedule factors, the Best Value Request for Proposal process permits direct discussions and negotiations with proposers to clarify requirements and cost prior to an award recommendation. This process minimizes the risks associated with a complex specification and scope of work by allowing the parties to clarify ambiguities and correct deficiencies.

### DETERMINATION OF SAFETY IMPACT

The approval of this capital project will have a direct and positive impact to safety, service quality, system reliability, performance, and overall customer satisfaction.

## FINANCIAL IMPACT

Adoption of Recommendation A will not have any financial impact to the agency at this time. Adoption of Recommendation B will require establishing a LOP budget of \$160 million for this project in Cost

Center 3043 - Rail Vehicle Acquisition, capital project 214003 - Metro P2550 Light Rail Vehicle (LRV) Midlife Modernization Project.

This is an initial estimate for the project, including professional services, Metro administration and contractor costs. Final LOP will be adjusted once bids are evaluated and the final selection has been made.

Since this is a multi-year contract/project, the cost center manager, will be responsible for budgeting the costs in future years, including any options exercised.

### Impact to Budget

The initial source of funds for this capital project will be Prop A 35%, which is eligible for rail operating and capital activities. This project is part of the Rail Development Program. Metro staff will continue pursuing federal and local funding to maximize the use of funds for this project.

### **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

The Board of Directors may choose not to authorize the life-of-project (LOP) budget for this project; however, this alternative is not recommended by Metro staff because without proceeding with this midlife modernization work, the safety, reliability, performance and maintainability of the P2550 LRV's may be compromised. Alternatively, deferring the midlife modernization will present a growing challenge to ensure maintaining a State of Good Repair, adequate reliability, performance, passenger comfort, and passenger safety.

In addition, procurement by a low bid process was considered but is not recommended. The sealed bid process does not adequately account for any technical superiority of performance, reliability, or system life cycle costs that on firm's equipment or solution may have over another since the process must award to the lowest responsive and responsible bidder. For these reasons, staff does not recommend this alternative. The competitively negotiated procurement process will provide for evaluation of critical non-price related factors in the selection process.

### NEXT STEPS

If this action is approved, staff will proceed with competitively negotiated best value solicitations for the midlife modernization of the P2550 vehicles.

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