



## Board Report

File #: 2022-0678, File Type: Contract

Agenda Number: 33.

---

### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE NOVEMBER 17, 2022

**SUBJECT: A650 HEAVY RAIL VEHICLE MIDLIFE MODERNIZATION**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to solicit competitive negotiations Request for Proposals (RFPs), pursuant to Public Contract Code (PCC) §20217 and Metro's procurement policies and procedures for the midlife modernization of Metro's A650 Heavy Rail Vehicles (HRVs).

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

#### **ISSUE**

Staff has determined that the midlife modernized HRV solicitation constitutes a specialized rail transit equipment purchase. This determination renders it appropriate that the work to midlife and modernize the option order A650 HRVs may be procured by a competitively negotiated process in accordance with PCC § 20217. PCC § 20217 states that the Board, upon a finding by a two-thirds vote of all members, may find the competitive low bid procurement method is not adequate for the agency's needs and direct that the procurements be conducted through competitive negotiation. This competitive negotiation process is the same procurement model Metro used for previous new and midlife modernization rail vehicles procurement projects, including P3010 New LRVs Procurement, HR4000 New HRVs Procurement, P2000 LRV Midlife Modernization, and P2550 LRV Midlife Modernization projects.

#### **BACKGROUND**

The existing Red/Purple Line fleets (A650) consist of 104 HRVs, a base order of 30 HRVs, and an option order of 74 HRVs. Metro accepted the base fleet between 1992 and 1993. The option fleet was accepted between 1997 and 1999. Based on a 30-year useful life, the base order HRVs are scheduled for retirement between 2022 and 2023, and the option order HRVs between 2027 through 2029.

In accordance with the Rail Fleet Management Plan (RFMP) FY2020-FY2040, the rail fleet will need to be expanded to accommodate anticipated growth in ridership, support future line extensions and service expansions, and replace vehicles reaching the end of their useful revenue service life.

---

## **DISCUSSION**

It is in the public's interest to utilize competitive negotiation rather than a sealed bid process to consider factors other than price in awarding contracts for rail vehicles as allowed under PCC § 20217. The competitive negotiation process allows consideration of factors other than price that could not be adequately quantified or considered in a strictly low bid procurement.

Staff recommends the use of a competitive negotiation process for the A650 HRV midlife modernization project, which includes the acquisition of specialized rail transit equipment, to allow for the consideration of technical and commercial factors, such as past performance related to schedule adherence, quality, reliability, aftermarket support, and vehicle performance, in addition to price in the contract award selection process.

In addition to the ability to evaluate key technical and schedule factors, the competitive negotiation process permits direct discussions and negotiations with Proposers to clarify requirements and costs before 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 directly and positively impact safety, service quality, system reliability, performance, and overall customer satisfaction.

## **FINANCIAL IMPACT**

Upon final LOP determination and approval, once the proposals are evaluated, and a qualified contractor is selected, a fully funded requisition shall be initiated to start the solicitation processes as per VCM policies. If the award value is greater than planned, project staff shall return to the board with the award amount and LOP adjustment if needed. Since this project will occur over a multi-year period, the Cost Center Manager, Project Manager, and Chief of Operations will be responsible for future fiscal year budgeting.

### **Impact to Budget**

Upon approval, the recommendation shall be funded with a combination of Federal, State, and Local funds, primarily consisting of Proposition A Sales Tax Revenues and Federal State of Good Repair 5337 funds. The use of these funding sources currently maximizes funding allocations given approved funding provisions and guidelines. This recommendation supports Operations State of Good Repair efforts. Current fiscal year funding may be required to enact this project and shall be funded via a net zero budget transfer from approved FY23 funded projects.

## **EQUITY PLATFORM**

The existing A650 option order HRVs operate on Metro's Red and Purple Lines and will be used on Purple Line Extensions 2 & 3. Approving this recommendation will ensure that safe, reliable HRVs

---

are available to support the planned line and service expansions and will encourage fair, competitive bidding process. Performing the midlife modernization work on these existing HRVs, prevents vehicle performance degradation, and enhances vehicle reliability and maintainability, potentially impacting vehicle availability and service.

The modernized A650 fleet will operate on lines currently serving passengers living in majority Equity Focus Communities that rely on public transportation for their daily jobs.

Based on the 2019 Customer Survey, the Red and Purple heavy rail lines serve the following ridership:

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

Ethnicity:

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

Please refer to Attachment A for Metro's current rail line map showing the areas of Metro's Equity Focus Communities (EFCs) that will benefit from this board decision.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) goal for this procurement as it is not applicable. 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.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This recommendation supports 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 to pursue a low bid process, but this methodology is not recommended. The sealed bid process does not adequately account for any technical superiority of performance, reliability, or system life cycle costs that one 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 the evaluation of critical non-price related factors in the source selection process.

**NEXT STEPS**

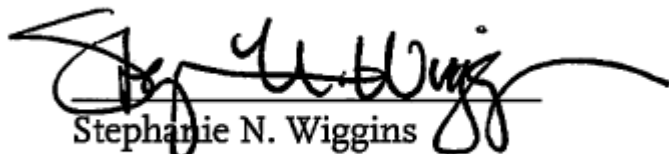
If these actions are approved, staff will proceed with a competitively negotiated solicitation for the midlife modernization of the A650 option order HRV fleet.

**ATTACHMENTS**

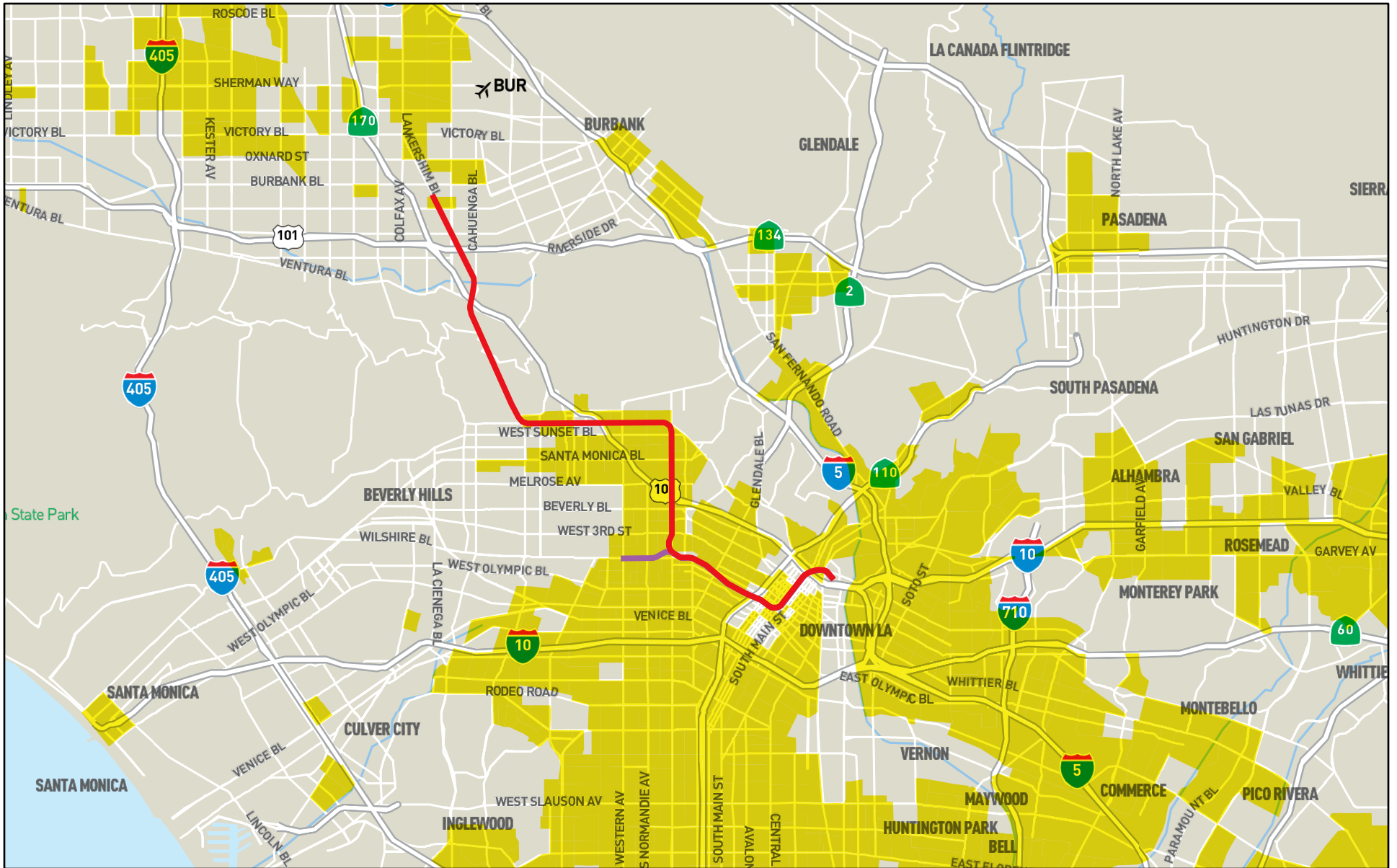
Attachment A - Metro EFC Map - 2022

Prepared by: Annie Yang, Sr. Director, Vehicle Engineering & Acquisition, (213) 922-3254  
Jesus Montes, Sr. Executive Officer, Vehicle Engineering & Acquisition (213) 418-3277  
Debra Avila, Deputy Chief Vendor/Contract Management Officer, (213) 418-3051  
Lillia Montoya, Deputy Chief Operations Officer, Admin & Development (213) 922-4061

Reviewed by: Conan Cheung, Chief Operations Officer, (213) 418-3034

  
Stephanie N. Wiggins  
Chief Executive Officer

# Attachment A\_Metro EFC Map - 2022



10/27/2022

- Metro Rail and Busway (Existing) — D Line (Purple)
- B Line (Red)
- EFCs (Updated 2022)

