Early Train Operator Procurement

Agenda Item 5: Consider Providing Approval to Release a Request for Qualifications for Early Train Operator Procurement

December 13, 2016
Role Early Operator As Program Advances

Agree Performance Conditions for operations

Early Operator Contract

Development 6 Years

Mobilize 2-3 Years

Revenue Service TBD

Open market competition

Competitive Tender

Mature Operations

Phase 1

- Advisory role on business model refinement
- Input on operational specs affecting high-speed trains, systems and stations
- Help develop performance based maintenance models for track and systems and high-speed trains providers
- Support procurement, testing & acceptance of high-speed trains
- Operations plan, Financial Plan and HSR marketing
- Ancillary revenue optimization

Phase 2

- Launch HSR service and develop brand
- Recruit and train staff
- Run train and systems operations under a short/medium term franchise
- Establish ridership and track-record
- Manage maintenance providers and maintenance costs
- Manage ridership and ancillary revenues

Phase 3

- Monetization process for long term concession
- Proceeds leveraged for Phase 1 build-out
- Run HSR service
- Performance based (reliability, punctuality, safety etc.)
- Manage maintenance providers and pay maintenance costs
- Manage lifecycle replacements

Long-term
### Sample Scope / Area of Involvement

<table>
<thead>
<tr>
<th>Key Phase I Scope Items</th>
<th>New Item</th>
<th>Shared with Team*</th>
<th>Transferred Item</th>
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</thead>
<tbody>
<tr>
<td><strong>Advisory Items</strong></td>
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<tr>
<td>Authority procurements, including high-speed trains, Track and Systems, stations</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Optimize whole life, capital, O&amp;M, and lifecycle costs associated with high-speed trains, track and systems, stations</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Station design and operations management</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>High-speed train fleet size, design and interior layout</td>
<td>✓</td>
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<td>Fare integration and inter-operability between transportation operators connecting to the System</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Security and safety management</td>
<td>✓</td>
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<tr>
<td>Operations control systems management, including dispatching</td>
<td>✓</td>
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<tr>
<td>Plan to maximize system revenues, including ancillary revenue</td>
<td>✓ (KPMG)</td>
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<tr>
<td><strong>Managed Items</strong></td>
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<tr>
<td>Ridership and passenger revenue forecasts</td>
<td>✓</td>
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<tr>
<td>Operations and maintenance cost forecasts</td>
<td>✓</td>
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<tr>
<td>Service planning and scheduling</td>
<td>✓</td>
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<tr>
<td>Analysis and selection of preferred revenue collection systems</td>
<td>✓</td>
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<tr>
<td>Marketing and branding plan</td>
<td>✓</td>
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<tr>
<td>Provision of other services associated with future operations and management of the System</td>
<td>✓</td>
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</table>

**Accountable** — or approver, retains ultimate decision and accountability as owner of the system’s assets

**Responsible** — do the work, has contractual delivery responsibility in the form of a milestone or a clearly identified deliverable

**Consulted** — subject matter experts, provides input and advise to the decision making process

*A shared item means the integrated team currently tasked with this scope item will be reduced in favor of Early Operator staff through changes in annual work plans. The extent will be based on input from the EO. The expectation is that the EO scope will be roughly offset by the reductions.
## Governance / Interactions

<table>
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<tr>
<th>Organizational Divisions</th>
<th>Interaction with EO</th>
<th>Balancing Factors</th>
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</table>
| **Program Delivery (Civils)** | - EO works with the Civils team to incorporate systems performance from design and provide feedback based on operations goals (speed, capacity, level of service)  
- EO provides advisory services to optimize construction cost without impacting LCC costs | - EO prioritizes long term maintenance costs to the extent that the construction cost increases to unmanageable levels |
| **Rail Operations and Maintenance** | - EO works with ROM to finalize procurements of high-speed trains and track & systems procurement to incorporate commercial and financial components  
- EO and ROM develop systems and rolling stock maintenance plan to support EO’s operations objectives | - Unbalanced risk transfer to the Authority of other parties involved |
| **Commercial Function** | - EO takes lead on many commercial aspects with support from commercial function on fare policy, performance regime, marketing and branding  
- EO with ROM and commercial determine the most appropriate level of service based on market and existing demand | - Inappropriate fare levels for the State of California e.g. only first class |
| **FINO** | - During development stage, closely collaborate with FINO to incorporate funding and financing plan for the V2V line  
- Determine procurement schedule during development phase based on availability of fund | - Set procurements before funding is available |
| **Risk Management Office** | - EO supports risk management team to provide most appropriate mitigation strategy to identified risk in register  
- EO provides input for quantitative analysis with objective to determine the Authority and other parties risk position | - EO operations strategy increase Authority risk exposure  
- Unacceptable risk transfer to other parties involved in cash waterfall |

11/21/2016