



California High-Speed Rail **Briefing: August 17-18, 2022 Board Meeting** **Agenda Item #8**

TO: Board Chair Richards and Authority Board Members
FROM: Bruce W. Armistead, Acting Chief of Rail Operations and Delivery
DATE: August 17, 2022
RE: Track and Systems Procurement Stipend Adjustment

Summary:

This item seeks Board approval to amend a Board Resolution authorizing an adjustment in the stipend amounts for the Track and Systems procurement, which is nearing the deadline for proposals to be submitted.

Background

This Request for Proposals (RFP) was released in December 2019. Since then, there have been numerous challenges, including:

- The Covid pandemic began in March 2020, just a few months into the procurement.
 - As these are international teams, the impact of this was wide-spread and complicated.
- Major market and industry shifts surrounding mega projects.
- Policy deliberation in approving electrified system between Merced to Bakersfield.
- Inflation.
- Scheduling challenges with the civil construction packages.
- Substantive changes to the RFP based on program needs.

All this has caused a delay of about 24 months in receipt of proposals.

There are two qualified proposal teams active in the procurement. The teams have taken part in more than 30 one-on-one meetings with the Authority. We are currently in the “quiet period” of the procurement, during which there are no meetings and no amendments to the RFP documents to allow proposers time to finalize their bids.

Prior Board Action

At the December 2019 Board meeting the Board unanimously approved Resolution No. HSRA 19-11 releasing the RFP to the shortlisted proposers.

The Resolution also gave specific authorization to include stipends as part of the Track and Systems procurement as follows:

- \$2 million to prequalified proposers who submit a responsive proposal but are not awarded the contract; and
- Up to \$2 million (in proven costs) to prequalified proposers in the event the procurement is cancelled.

Discussion

These amounts are in line with industry standards. Stipends were awarded in the Civil Construction procurements and are common for large, complex public works projects.

Stipends are used to encourage valuable participation, competition, and to partially compensate Proposers for the enormous cost of preparing a responsive bid to a large and very technical performance-based project.

Given the length of time for this procurement, its complicated and technical nature, as well as the value the Authority has received from the active engagement of the Proposer teams, we feel an adjustment to the stipend amounts is justified.

The amended Resolution would not increase the total budget allocated for stipends – \$ 6 million – but would adjust the amounts provided. The proposed adjustments are also in line with industry standards.

Legal Approval

The Legal Office has reviewed, and this item complies with Authority policy.

Budget and Fiscal Impact

The total budget approved by the Board for stipends is \$6 million. As the number of bidders eligible for the stipend has changed (there are now two bidders, as one team withdrew in February 2020), the budget amount remains the same. This requested increase in stipend amounts is therefore offset by the decrease in the number of bidders.

The request would permit the Authority to:

- Award \$4 million to a Proposer who submits a responsive bid but is not awarded the contract, or
- Award up to \$3 million (in proven costs) to active Proposers in the event the procurement is cancelled.

Hence our total exposure would be \$6 million should the procurement be canceled and \$4 million if we complete the process through selection of a proposer.

2022/23 Fiscal Year Budget

Contract Name	Contract Number	Current FY Contract Budget	Budget Change	Funding Source
T&S Stipend	FUT99-0407	\$6,000,000	-\$6,000,000	State
T&S Stipend	TBD	\$0	\$6,000,000	State
Total			\$0	

Total Program Budget

Contract Name	Contract Number/Budget Allocation	Current Total Program Contract Budget	Budget Change	Funding Source
T&S Stipend	FUT99-0407	\$6,000,000	-\$6,000,000	State
T&S Stipend	TBD	\$0	\$6,000,000	State
Total			\$0	

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: Signed 8/9/2022
Reviewer Name and Title: Alicia Fowler Chief Legal Counsel	Signature verifying legal analysis: Signed 8/9/2022

Recommendations

Approve the amended Board Resolution adjusting the stipend amounts available to individual proposer teams, but not increasing the total budget for stipends.

Attachments

PowerPoint Presentation
Draft Resolution