



## **California High-Speed Rail** **BRIEFING: October 20, 2022 Agenda Item #2**

**TO:** Board Chair Richards and Board Members

**FROM:** Darin Kishiyama, Director of Contract Management

**DATE:** October 20, 2022

**RE:** Consider Awarding the Contract for Program Delivery Support Services

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### **Summary**

Staff recommends that the Board authorize the Chief Executive Officer (CEO), or Designee of the CEO, to execute a Program Delivery Support (PDS) services contract with AECOM-Fluor Joint Venture (AECOM-Fluor) in an amount not-to-exceed \$400 million for a term of four years. The agreement period will commence upon execution, and the California High-Speed Rail Authority (Authority) will issue the Notice to Proceed to initiate the transition period from the Rail Delivery Partner (RDP) to the PDS Consultant.

### **Background**

The Authority is responsible for planning, designing, building, and operating the first high-speed rail system in the nation, linking California's major population centers.

The PDS contract includes support for program development, management assistance for the Authority, as well as program delivery and other specialized technical expertise. The PDS contract will also include, at the sole discretion of the Authority, Project and Construction Management (PCM) services for civil works. The services and size of the PDS contract will be consistent with the Authority's effort to reduce reliance on contracted resources.

### **Prior Related Board Action**

In accepting the updated program baseline at the May 21, 2019, Board meeting (Board Resolution #HSRA19-03) and approval of the program baseline augmentation at the June 25, 2020, Board meeting (Board Resolution #20-04), the Board chose to move forward with a business model that includes procurement of the PDS contract.

Pursuant to Board Resolution HSRA #22-04, approved on February 17, 2022, the Authority issued on February 18, 2022 the Request for Qualifications (RFQ) for Program Delivery Support Services in accordance with the Board's policy on issuance of RFQs.

## **Discussion**

The results of the RFQ procurement process are detailed below, and the key contract provisions are discussed. Authority staff seeks approval to authorize the CEO, or Designee of the CEO, to execute a PDS services contract with the AECOM-Fluor in an amount not-to-exceed \$400 million for a term of four years.

### ***Scope of Work***

The main areas for the PDS contract Scope of Work are as follows:

- **Program Management.** The PDS Consultant will be responsible for assisting the Authority in managing and overseeing the functional components of the program. The PDS Consultant will have relevant experience in their applicable program management functions. Additionally, the PDS Consultant will have an on-site team of executive level management personnel with recent relevant experience. This on-site team will be dedicated to providing the Authority with support of critical decisions regarding the program delivery approach, business case, or master planning.
- **Program Delivery.** The PDS contract will also require multiple on-site (for each project) teams of professionals dedicated to each of the functional areas of program delivery. These individuals will oversee and monitor the performance of associated work under their assigned disciplines. Part of program delivery includes the specialized technical expertise with recent relevant experience to assist in critical program activities and systems. Areas with specialized technical expertise may include seismic tunneling and project and construction management services.

### ***Work Plans and Performance Metrics***

Under the PDS contract, the Authority and PDS Consultant will develop periodic performance metrics in the work plans that track performance in meeting program and project delivery targets. An outline of the general composition of these metrics/work plans is featured below:

- Metrics may focus on costs, schedule, quality, and safety.
- A portion of the fee payments, \$20 million, will be tied to meeting performance metrics that will be linked to outcomes.
- Performance will include responsibility for assisting the Authority in managing and overseeing other Authority consultants and contractors.

### ***Transition***

Elements of the PDS contract will include a smooth transition from the RDP contract. Based upon Authority staff experience and the feedback received from market outreach, the RDP contract has been amended for additional time to accomplish the transition to the PDS Consultant. Some RDP contract scope elements may require a longer transition time period to ensure the efficient and effective transition between consultants. To provide for the transition, the RDP contract has been amended by 12 months, from June 30, 2022, to June 30, 2023, with the cost of the extension estimated at \$58 million. An additional amount of \$32 million was added to the RDP contract for fiscal year 2021-2022 to fund work through June 30, 2022.

### ***Small Business Requirements***

The PDS contract is subject to Small Business (SB), Disabled Veteran Business Enterprise (DVBE) and Disadvantaged Business Entity (DBE) participation goals in compliance with state and federal law. The agreement between the Authority and the PDS Consultant will include the Board's adopted 30 percent SB utilization goal, which includes a ten

percent race-neutral DBE participation goal and a three percent DVBE goal. And as noted below, the AECOM-Fluor team includes 26 SB/DBE/DVBE firms.

### ***Contract Negotiation, Term and Budget***

In addition to the key work and provisions noted above, Authority staff engaged in successful negotiations with AECOM-Fluor regarding the terms of the Agreement. During the negotiation process, the Authority recognized the volatility of the labor market (high inflation and staff retention issues) and made a reasonable adjustment to the annual escalated labor rates (ECI) under the contract. We do not anticipate any impediments to executing the Agreement, if approved by the Board.

If approved, the anticipated term of the PDS services Agreement No. HSR 21-17 will be four years (November 2022 to November 2026) and the maximum amount of the contract will be up to \$400 million.

### ***Procurement Process***

The RFQ solicitation used the architectural and engineering (A&E) contracting method where statements of qualifications (SOQs) were submitted and selection is based on qualifications. Costs are not a factor in the selection, but fair and reasonable fees and costs were negotiated with the top ranked offeror prior to executing a contract. The solicitation process is governed by Government Code section 4525 et seq., the Authority's A&E regulations (Cal. Code Regs., Title 21, § 10000 et seq.) and the Board's RFQ policy.

### ***Procurement Evaluation Criteria***

The RFQ process was managed by the Authority staff. A total of two SOQs were submitted by offerors and were reviewed to ensure that all requisite qualifications and other RFQ requirements are met. SOQs were submitted by the following offeror teams:

- 1) Connect CA Partners, which is comprised of Bechtel Infrastructure Corporation, Mott MacDonald, Michael Baker International, CBRE, Gail Zeidler, Psomas, Vanir, and 28 SB/DBE/DVBE firms.
- 2) AECOM-Fluor, which includes Atlas Technical Consultants, Egis Rail S.A., Turner & Townsend, McMillen Jacobs Associates, and Jaquith Consulting Group, and 26 SB/DBE/DVBE firms that includes 360 Total Concept Consulting, Inc., Acosta Engineering Solutions, P.C., Bess Testlab, Conaway Geomatics, D.R. McNatty & Associates, Inc., D'Leon Consulting Engineers, ELLE Consultants, Ghiradelli Associates, H&J International, P.C., Intueor Consulting, Keish Environmental, Lenax Construction Services, Inc., LKG-CMC, Inc., Luster National, Inc., Lynn Capouya, Inc., Monument ROW, Inc., PSOMAS, SC Solutions, Surf to Snow Environmental, TEC Construction & Engineers, Inc., Turner Engineering Corporation, V & A, Inc., Veridico Group, Inc., VST Engineering, Inc., Wagner Engineering & Survey, Inc., and Zoon Engineering.

The SOQs were evaluated and scored by the Evaluation Selection Committee pursuant to established criteria in the RFQ, which included the following:

#### **1. PAST PERFORMANCE AND EXPERIENCE**

- Has the Offeror successfully delivered on past projects of similar scope and complexity, including:
  - high-speed rail programs;
  - infrastructure mega-programs;
  - project management; and
  - construction management of multiple civil construction contracts?
- Has the Offeror demonstrated sufficient experience on past projects performing the tasks required under the Scope of Work?
- Has the Offeror demonstrated successful partnering and collaboration in a team environment on past projects of similar scope and complexity? Does this include experience with its proposed partners?

- Has the Offeror demonstrated applicable cost savings, transition, and schedule improvement methodologies utilized on past projects?
  - Does the SOQ demonstrate experience with developing and implementing performance-based measures, including fee-at-risk assignments and the ability to successfully achieve metrics?
2. ORGANIZATION AND KEY PERSONNEL
- Does the proposed project organization present a clear and logical framework? (See section 5.4.2 of the RFQ)
  - Does the management approach reflect an appropriate team and is it responsive to the RFQ requirements? (See section 5.4.2 of the RFQ)
  - Does the staffing plan convey the proper level of response for the Work and demonstrate a high level of commitment with sufficient resource availability and flexibility? (See section 5.4.2 of the RFQ)
  - Does the staffing plan address the full expanse of potential tasks in the Scope of Work? (See section 5.4.2 of the RFQ)
  - Does the staffing plan integrate well with the Authority's own organization structure and governance both virtually and on-site? (See section 5.4.2 of the RFQ)
- KEY PERSONNEL AND ROLES
- Are the qualifications and professional skills of the Key Personnel nominees appropriate for the roles assigned?
  - Is the past experience applicable and indicative of success on this project? Does it include experience of high-speed rail programs?
  - Does the Principal in Charge have sufficient authority within their organization to effectively lead and manage the project?
3. UNDERSTANDING OF PROJECT REQUIREMENTS
- Has the Offeror demonstrated a thorough knowledge of the program?
  - Is there sufficient evidence in the SOQ to lend credibility to the commitments made?
  - Has the Offeror demonstrated an ability on past projects (other than this Program) to deliver on a transition plan either as an outgoing incumbent, or as an incoming delivery partner?
  - Has the Offeror demonstrated an ability on past projects to deliver on a Mobilization Plan, Program Management Plan, and Quality Management Plan?
  - Has the Offeror demonstrated an understanding and approach with interfacing with the Authority, other consultants, and construction contractors?
  - Has the Offeror given clear evidence through narratives and examples of prior work that it has the capability and resources to carry out the Work described in Exhibit A of Attachment D to this RFQ, with innovation and autonomy?
4. SMALL BUSINESS PARTICIPATION
- Does the Offeror commit to meeting the Authority's SB goal?
  - Does the Offeror's SB narrative clearly identify how the Offeror will utilize SBs to achieve the Authority's SB goal?

At the conclusion of SOQ evaluations, the Evaluation Selection Committee ranked the offerors on the basis of their SOQ scores. In accordance with the Board policy related to RFQs, the Authority invited selected offerors to participate in Discussions with the Evaluation Selection Committee. Discussions were then held with the two qualified offerors and were evaluated and scored by the Evaluation Selection Committee. Discussion evaluation criteria and final score computation was provided in the RFQ and are as follows:

1. PRESENTATION
  - Quality and appropriateness of the presentation
  - Logic of the chosen speakers relative to project challenges
2. PRINCIPAL IN CHARGE PARTICIPATION
  - Responsiveness to questions
  - Control over the team
  - Understanding of PDS challenges and requirements
  - Perceived level of involvement with SOQ structure, content, and presentation plan

3. KEY STAFF PARTICIPATION

- Clear and responsive answers to questions
- Understanding of assignment challenges and requirements
- Perceived level of involvement with SOQs preparation
- Demonstration of an integrated team displaying awareness and understanding of the program and PDS services

4. UNDERSTANDING OF PROJECT

- Conveys an understanding of the critical project success factors
- Provides evidence of successful SB utilization for this Project
- Provides evidence of prior project experience, including lessons learned or challenges with projects of this magnitude and complexity
- Provides demonstrable experience of project and construction management of high-speed rail programs
- Provides relevant experience of managing transition and staff turnover on major programs

For each offeror invited for Discussion, the Evaluation Selection Committee computed a final score that is the sum of the offeror’s weighted SOQ score (60%) and weighted Discussion score (40%).

The Evaluation Selection Committee concluded the entire evaluation process by ranking the offeror with the highest score as ranked number one and recommended to the Authority’s CEO for contract award. A Notice of Proposed Award was posted on June 17, 2022 identifying the top-ranking offeror as the AECOM-Fluor based upon the following scores:

Offeror	Total Weighted SOQ Score	Total Weighted Discussion Score	Final Score	Rank
AECOM-Fluor	55.95	37.64	93.59	1
Connect CA Partners	50.82	33.90	84.72	2

**Award Recommendation to the Board**

In accordance with the Board adopted “policy for awarding Architectural and Engineering (A&E) contracts utilizing the RFQ procurement process,” CEO Brian Kelly reviewed the recommendation of the Evaluation Selection Committee and ranking of offerors. The Authority has successfully completed its negotiations with AECOM-Fluor as to key terms, and it is the CEO’s recommendation to the Board that the Authority award the contract to AECOM-Fluor.

As the PDS services consultant, the AECOM-Fluor team would bring the individual strengths and expertise of each joint venture member to the Authority. The members of the joint venture are AECOM Technical Services, Inc. (AECOM) and Fluor Enterprises, Inc. (Fluor). Fluor is a world renowned engineering and construction firm headquartered in Texas with vast complex project experience, including engineering and project management services in California. AECOM is a largescale leading infrastructure consulting firm, known for partnering with clients to solve the world’s most complex challenges, including those found in California.

As AECOM and Fluor are each global leaders in project management and design-build transportation projects with ongoing partnerships across the sector for mega-complex programs throughout California and the United States, the joint venture members regularly work with other consultants and contractors, including some of the entities that are involved in our project. Following receipt of the AECOM/Fluor proposal, at the Board’s request, the Authority asked AECOM Fluor to conduct a thorough review of relationships with respect to the Authority’s existing contractors and subcontractors that might be considered an actual or potential organizational conflict. AECOM/Fluor complied with the request for additional information, including

explaining the legal arrangements with respect to a joint venture between a Fluor entity and certain Authority contractors for the Automated People Mover Project at LAX. AECOM-Fluor’s response included proposed mitigation measures to assure the Authority that there will not be any impairment in AECOM-Fluor’s ability to render impartial assistance or advice to the Authority. The mitigation measures proposed include physical separation of staff, control of reporting relationships, disassociation from other projects, control of information and ethics training. The Authority believes these measures will avoid actual conflicts during the term of the PDS contract.

**Legal Approval**

This RFQ procurement process was conducted with the assistance of, and under review of, the Authority’s Legal Office. The Legal Office has reviewed this contract and the relevant laws, regulations, and policies, including the Authority’s Conflict of Interest Code, and deems this contract to be legally sufficient for execution.

**Budget and Fiscal Impact**

The total value of this contract is not to exceed \$400 million and was allocated within the 2021 Expenditure Authorization.

***Capital Outlay Costs***

The funds associated with this request include State and Federal sources, including State Cap and Trade funds. The request is consistent with the Expenditure Authorization approved at the December 2021 Board meeting.

2022/2023 Fiscal Year Budget

Contract Name	Contract Number	Current FY Contract Budget	Budget Change	Funding Source
Program Delivery Support Services Contract	PMO2	\$100,000,000	-\$100,000,000	State and Federal
PDS	TBD	\$0	\$100,000,000	State and Federal
Total			\$0	

Total Program Budget

Contract Name	Contract Number/Budget Allocation	Current Total Program Contract	Budget Change	Funding Source
Program Management Oversight	PMO2	\$0	-\$400,000,000	State
New PDS	TBD	\$0	\$400,000,000	State
Total			\$0	

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: <b>Brian Annis</b> <b>Chief Financial Officer</b>	Signature verifying budget analysis: October 17, 2022
Reviewer Name and Title: <b>Alicia Fowler</b> <b>Chief Counsel</b>	Signature verifying legal analysis: Signed October 17, 2022

**Recommendations**

Staff recommends that the Board approve the award of this contract to AECOM-Fluor in an amount not-to-exceed \$400 million for a term of four years.

**Attachments**

- Draft Resolution HSR 22-23 Award of the Program Delivery Support Services Contract