



California High-Speed Rail Authority **BRIEFING: February 29, 2024, Board Meeting** **Agenda Item #4**

TO: Board Chair, Tom Richards, and Authority Board Members

FROM: Christine Inouye, Chief Engineer of Strategic Delivery

DATE: February 29, 2024

RE: Consider Providing Approval to Issue Notice to Proceed-2 for the Fresno to Bakersfield Locally Generated Alternative Project Section

Summary

Staff is recommending that the California High-Speed Rail Authority (Authority) Board of Directors (Board) approve exercising the optional Notice to Proceed (NTP) -2 design work, which will authorize HNTB Corporation (HNTB) to progress the final design to 100% and provide construction ready documents. The cost of the NTP-2 design work is anticipated to be approximately, \$72.0 million and would require a contract term extension to April 30, 2026. The total contract value, which includes the NTP-1 and NTP-2 work, would then amount to \$116.9 million. This NTP-2 will advance the design work through the Authority's staged project delivery process to Stage 4, "Early Works and Right-of-Way," for the Fresno to Bakersfield Locally Generated Alternative (LGA) project section.

On August 17, 2022, the Board authorized the execution of Agreement No. HSR 22-01 (Agreement) for design services for the LGA project section between the Authority and HNTB for a not-to-exceed dollar value of \$44,895,172.00. The Agreement was fully executed by the Authority and HNTB on September 6, 2022, and NTP-1 was issued on September 8, 2022, in order to commence design services to progress approximately 18.5 miles of the LGA project section through the Authority's staged project delivery process to configuration footprint design work in Stage 3.

Background

The 2022 Business Plan lays out the Authority's Business Model for delivering the high-speed rail system. As part of the business model, the Authority follows three principles to guide decisions:

1. Initiate high-speed rail service in California as soon as possible.
2. Make strategic, concurrent investments that will be linked over time and provide mobility, economic, and environmental benefits at the earliest possible time.
3. Position ourselves to construct additional segments as funding becomes available.

Building on the Authority's mission and guiding principles, the new funding will allow the Authority to focus on our key goals to 1) deliver an electrified two-track initial operating segment connecting Merced, Fresno, and Bakersfield as soon as possible, and 2) invest statewide to advance engineering and design work as every project section is environmentally cleared.

Accomplishments

As part of the NTP-1 scope of work, the Authority received the draft configuration footprint design from HNTB in November 2023, which met the schedule, and the Authority accepted it on January 16, 2024. This deliverable is a major milestone for the LGA project section. The final configuration footprint design is presently expected by December 2024.

The Authority has conducted a series of Value Engineering (VE) workshops with the project team, to challenge and analyze, some of the engineering decisions made during Stage 2 of the Authority's staged project delivery process, "Identify Preferred Alternative and Begin Preliminary Design". Through this process, the Authority analyzed and reviewed a predetermined list of engineering design alternatives generated by the project team. In November 2023, the Authority also conducted a Value Analysis (VA) workshop with a team of 10 participants, representing experts in various functional groups, not directly involved with the project. The purpose of the VA workshop was to analyze and improve value, solve problems, reduce costs, and to also improve performance and quality. The intent was to promote "out of the box" thinking and ideas. Currently, the Authority is going through an internal governance process to make the final decision on the VA study items and will issue a direction to HNTB.

For the LGA Design Services Agreement, the Authority established a 30% Small Business (SB) utilization goal, which is inclusive of 10% for Disadvantaged Business Enterprise (DBE), and 3% for Disadvantaged Veteran Business Enterprise (DVBE). Thus far, HNTB has been tracking below the 30% goal, but has implemented measures to meet or exceed the goal by June of 2024. Specifically, HNTB is currently at 23.63% for the overall SB utilization goal, which is comprised of 15.88% DBE and 5.22% DVBE with the remaining percentage to SB entities.

Even though the LGA work is a single 18.5-mile section project section, it is being broken into three segments: The CRISI Grant Section (Segment 1), the east-west section through Shafter from the BNSF Corridor to the SR 99 Corridor (Segment 2), and the southern section from 7th Standard Road to the Bakersfield Station (Segment 3), for design purposes. Designing in smaller segments has the following benefits:

- If there is any unforeseen delay in the design completion of one of the segments, the remaining segments can proceed to construction on schedule.
- This will enable the Authority to compete for smaller federal grants for the construction phase.
- Smaller construction packages may attract more bidders, provide opportunities for smaller contractors, and will likely reduce construction costs.

Prior Board Action

The 2022 Business Plan was adopted by the Board on April 27, 2022, and submitted to the state legislature on May 6, 2022. This Agreement for design services for the Locally Generated Alternative project section is consistent with the 2022 Business Plan priority of expanding the 119-mile segment in the Central Valley to develop 171 miles of electrified high-speed rail service by advancing design, funding preconstruction work, and constructing extensions to Merced and Bakersfield, connecting downtown Merced, Fresno, and Bakersfield with additional stops at Madera and Kings/Tulare.

On February 17, 2022, the Board approved the issuance of an architectural and engineering Request for Qualifications (RFQ) for design services for the LGA project section to procure a 2-year and 3-month contract valued up to \$44,895,172.00 on or after March 18, 2022, through Resolution #HSRA 22-06. The RFQ qualified the offeror for design services, which included all of the NTP-1 and NTP-2 work.

After the procurement concluded, on August 17, 2022, the Board authorized the CEO execution of Agreement No. HSR 22-01 with HNTB for Design Services for the LGA project section for a contract value of up to \$44,895,172.00 for NTP-1 work, through Resolution #HSRA 22-16. The Board resolution required additional Board approval to add the optional NTP-2 work to the Agreement (Resolution HSRA #22-16).

Discussion

Authority staff seeks approval from the Board to authorize the optional NTP-2 to Agreement, which is estimated at a not-to-exceed amount of \$72.0 million and a revised contract term of April 30, 2026, for the design work. The NTP-2 design work will be managed under the existing Agreement to support the delivery of stages 3 through 5 of the Authority's staged project delivery process. Staff may manage and progress the NTP-2 design work through the issuance of limited NTPs. Limited NTPs would include multiple project milestones and clear definition of the tasks to complete the work. The Authority staff can more closely monitor the progress of the design work through limited NTPs to ensure timely delivery and quality deliverables, and exercise the option not to go forward with portions of the design work if warranted.

The LGA high-speed rail project section is located entirely within the county of Kern. The issuance of NTP-2 will authorize HNTB to complete the final design (100%) and provide construction ready documents under Stage 4, "Early Works and Right-of-Way", for the LGA project section.

The Authority intends to overlap the design work performed under the two NTPs in order to expedite the design schedule. With the review and approval of the draft configuration footprint in January 2024, the Authority may confidently proceed with the acquisition of right-of-way full-take parcels for the LGA project section. However, the partial-take parcels require further design progression to 60%, for the Authority to consider right-of-way acquisition. Issuing NTP-2 at this time will enable the design to progress to 60% and begin the acquisition of the partial-take parcels.

The NTP-2 contract scope of work and deliverables will include the following (Stage 4):

1. Design Reports
2. Final Design and Construction Ready Documents PS&E
3. Construction Staging Plans and Constructability Reviews
4. Updated Project Risk Assessment and Schedule
5. Study Travel Time Enhancements
6. Environmental Permits from Federal and State Agencies
7. Survey Reports
8. Technical Agreement Submittal List
9. Third-party Design Submittals
10. Caltrans Project Reports
11. Final Design Submittals
12. Design Variances
13. Environmental Compliance Report

Legal Approval

The RFQ process qualified HNTB for NTP-2 design services, and the Agreement includes the optional NTP-2 work. The Legal Office has reviewed the Agreement and the relevant laws, regulations, and policies, and deems a contract amendment to add the NTP-2 work to be legally sufficient.

Budget and Fiscal Impact

This request is to issue NTP-2 for the LGA design services Agreement in the not-to-exceed amount of \$72.0 million and extend the contract term to April 30, 2026, to advance the final design (100%) and provide construction ready documents in Stage 4.

Ordinarily, the amendment to the Agreement would be within the CEO's delegation of authority, pursuant to Board Resolution #HSRA 21-09 (Board Policy - HSRA11-001 – DOA, Amended September 23, 2021, Section B. iv). However, the Board requested staff to seek additional approval to add NTP-2 work to the contract (Resolution HSRA #22-16).

Capital Outlay Costs

This request for NTP-2 work would be funded with two recently awarded federal grants: the Consolidated Rail Infrastructure and Safety Improvements (CRISI) and the Federal-State Partnership for Intercity Passenger Rail (Fed-State), and with state funds. If approved, this request will allocate a budget reserved for this work within the 2024 Expenditure Authorization for the LGA Design Services Agreement up to \$72,000,000.00.

Table 1: 2023/24 Fiscal Year Budget

Contract Name	Contract Number	Current FY Contract Budget	Budget Change	Funding Source
Expenditure Authorization – Pending Grant Appropriation	CONT-0414-TBD	\$15,000,000.00	-\$15,000,000.00	State and Federal
HNTB – NTP2 Final Design	HSR22-01	\$0.00	\$15,000,000.00	State and Federal
HNTB - NTP1	HSR22-01	\$22,912,754.00	\$0.00	State
Total		\$37,912,754	\$0.00	

Table 2: Total Program Budget

Contract Name	Contract Number/ Budget Allocation	Current Total Program Contract Budget	Budget Change	Funding Source
Expenditure Authorization – Pending Grant Appropriation	CONT-0414-TBD	\$72,000,000.00	-\$72,000,000.00	State and Federal
HNTB – NTP2 Final Design	HSR22-01	\$0.00	\$72,000,000.00	State and Federal
HNTB - NTP1	HSR22-01	\$44,895,172.00	\$0.00	State
Total		\$116,895,172.00	\$0.00	

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: Signed 2/22/2024
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis: Signed 2/22/2024

Recommendations

Staff is requesting Board approval to issue NTP-2 under Agreement No. HSR 22-01 in the not-to-exceed amount of \$72.0 million and extend the contract term through April 30, 2026, for the NTP-2 work. Staff is also requesting authorization to issue the full NTP-2, or issue limited NTPs in order to progress the work. The total approved contract value, which includes the NTP-1 and NTP-2 work, is in the not-to-exceed amount of \$116.9 million.

Attachments

- Draft Resolution #HSRA XX-XX regarding Consider Providing Approval to Issue Notice to Proceed (NTP-2) for the Fresno to Bakersfield Locally Generated Alternative Project Section