



CALIFORNIA HIGH-SPEED RAIL BRIEFING: **July 16, 2019 BOARD MEETING AGENDA ITEM #2**

TO: Chairman Mendonca and Board Members

FROM: Frank Vacca, Chief of Rail Operations

DATE: July 16, 2019

RE: Consider Providing Approval to Release a Request for Qualifications for Track and Systems Procurement

Summary of Recommended Action

Staff is recommending that the Board approve the issuance of a Request for Qualifications (RFQ) to obtain Statements of Qualifications (SOQs) from qualified offerors to provide the necessary Track and Systems for high-speed rail. If approved, this will then be used to shortlist teams for a Request for Proposals (RFP) to design-build-maintain Track and Systems for the Central Valley to Silicon Valley segment.

The Track and Systems Procurement is proposed to be a design-build-maintain contract with a scope of work that includes design and construction of trackwork, railway systems, and electrification, as well as testing and commissioning. The Track and Systems contract, as proposed, will also include a 30-year term of maintenance for both the underlying civil works and the track and systems work, which would include construction of necessary maintenance facilities. The Track and Systems Contractor would perform specified interface and integration duties with respect to the Authority's other contractors.

As proposed, the Track and Systems work would be issued through multiple Notices to Proceed (NTP), within the following geographic limits:

NTP 1: Madera to Poplar Avenue (anticipated summer 2020)

NTP 2: Poplar Avenue to Bakersfield (TBD)

NTP 3: Madera to Merced (TBD)

NTP 4: Gilroy to Central Valley Wye (TBD)

NTP 5: CP Lick to Gilroy (TBD), which would include upgrade and electrification of the existing Union Pacific Railroad corridor

NTP 6: San Francisco to CP Lick (communications only) (TBD)

NTP 1 is anticipated to be issued in summer of 2020 and has an estimated cost of \$1.65 billion, which is included in the Program Baseline (cost, schedule, and scope) approved at the May 21, 2019 Board meeting. Estimated costs for future NTPs would be developed using a schedule of values that will be provided by Proposers with their Proposal, and subject to indexed escalation.

Assuming approval and issuance of the RFQ, staff will return to the Board for approval to release the RFP, to award the contract for Track and Systems and issue NTP 1 (Madera to Poplar Avenue), and for each subsequent NTP prior to issuance of that NTP. **Each NTP will receive separate Board approval prior to issuance of that NTP.**

Background

At the May 2018 Board meeting, the Board adopted the 2018 Business Plan, which lays out the Authority's Business Model for delivering the high-speed rail system. This proposed Track and Systems procurement is consistent with the direction contained in the 2018 Business Plan, which directs the Authority to meet the required December 31, 2022 American Recovery and Reinvestment Act (ARRA) deadline for laying track in the geographic limits of Construction Packages 1 through 4 (CP 1, CP 2-3, and CP 4).

Industry Outreach

Outreach to high-speed rail construction and operations firms, domestically and internationally, has been on-going throughout the program's development. This outreach keeps industry apprised of program-wide factors, such as construction progress, the status of the Business Plan, and forthcoming procurements. This outreach also serves as a mechanism whereby staff can seek informal industry advice on a range of technical and commercial issues.

On June 25, 2015, the Authority issued a Request for Expressions of Interest (RFEI) for an Initial Operating Segment. This RFEI requested Expressions of Interest from industry regarding the delivery of an initial operating segment, including comments from industry regarding how the Authority should design, build, enter into service, and maintain a high-speed rail system. The Authority received responses that were used to inform the future of the system, including Track and Systems work.

On May 10, 2019, the Authority issued an industry Draft RFP for Track and Systems to solicit feedback from industry regarding the anticipated Track and Systems contract. The Authority is reviewing the comments submitted and will use industry's comments to refine the RFP documents prior to release of the RFP.

Staff has determined that the most appropriate course of action is to move forward with a procurement based on program schedule requirements and responses from industry indicating that potential bidders are likely to compete for the role.

Prior Board Action

In adopting the 2018 Business Plan, accepting the 2019 Project Update Report, and approving the amendment to the Program Baseline at the May 21, 2019 Board meeting, the Board chose to move forward with a business model that includes procurement of Track and Systems with sufficient time to achieve the ARRA delivery requirement.

Discussion

Authority staff seeks approval to issue a Request for Qualifications to qualify teams for the procurement of Track and Systems to:

Design, Construct, Test, and Commission the Track and Systems work

Maintain the Rail Infrastructure (which includes both the civil infrastructure and the track and systems work)

Act as the overall integrator for the system

Design, construct, operate, and maintain the maintenance of way facilities

Operate and maintain the Operations Control Center

The \$1.65 billion estimate for the capital costs of NTP 1 aligns with the amended Program Baseline approved at the May 21, 2019 Board meeting, as well as the 2018 Business Plan and the 2019 Project Update Report.

Each NTP for the Track and Systems contract would contain two phases, a Delivery Phase (which includes design, construction, testing, commissioning, and maintenance of assets required prior to commencing revenue service) and a Service Phase (which will include all activities the Track and Systems Contractor is responsible for during revenue service). The Delivery Phase will have milestones for delivery of the system, and NTP 1 would include a milestone for delivery to comply with ARRA. Prices for NTPs will be based on a bid schedule of values, and NTPs after NTP 1 will have escalation tied to various indexes. The Service Period begins when the Authority commences revenue service.

Procurement Process

To create a competitive and fair procurement environment, staff recommends a multi-stage “best value” procurement process that includes a Request for Qualifications, followed by a Request for Proposals and negotiations with a preferred bidder under the authority granted pursuant to Public Utilities Code section 185036 to award contracts with private or public entities for the design, construction, and operation of high-speed rails. Under this procurement process, the selection of the preferred partner may be based on the bid selection in conjunction with qualitative factors (“best value”).

Procurement Schedule

The anticipated schedule for this procurement is intended to allow design and construction of the Plain Line track in time to meet the December 31, 2022 ARRA deadline.

ACTION	EXPECTED DATE
RFQ advertised	July 17, 2019
SOQs due	September 5, 2019
Presentation to Board (RFP advertisement)	October 2019
RFP advertised	Fall 2019
Proposals due	Spring 2020
Presentation to Board (contract award and NTP 1)	Summer 2020
NTP 1 issued	Summer 2020

RFQ Evaluation Criteria

The Request for Qualifications process will be managed by the Authority. SOQs submitted by the Offerors will be reviewed to ensure that all technical, requisite qualifications, and other requirements are met. The financial capacity of Offerors will be required as a minimum qualification and will be evaluated on a pass/fail basis.

The SOQs will then be evaluated and scored by the Evaluation Selection Committee pursuant to established criteria in the RFQ, which will include the following:

Technical Scoring Criteria	Possible Points
1. Management Competence – Delivery Period 1.1. Integration and Certification (scored item – 42 points) 1.2. Program Management (scored item – 36 points) 1.3. Organizational Structure (scored item – 24 points) 1.4. Rail System Engineering (scored item – 18 points)	120
2. Rail Infrastructure Management – Delivery Period 2.1. Maintenance Competence (scored item – 20 points) 2.2. RAMS/Asset Management (scored item – 12.5 points) 2.3. Operational Competence (scored item – 17.5 points)	50
3. Technical Competence – Delivery Period 3.1. Railroad Technical Competence (scored item – 30 points)	30
4. Management Competence – Service Period 4.1. Integration and Certification (scored item – 12 points) 4.2. Program Management (scored item – 24 points) 4.3. Organizational Structure (scored item – 9 points) 4.4. Rail System Engineering (scored item – 15 points)	60
5. Rail Infrastructure Management – Service Period 5.1. Maintenance Competence (scored item – 30 points) 5.2. RAMS/Asset Management (scored item – 18 points) 5.3. Operational Competence (scored item – 72 points)	120
6. Technical Competence – Service Period 6.1. Railroad Technical Competence (scored item – 20 points)	20
Total Possible Points	400

At the conclusion of the SOQ review, the Evaluation Selection Committee will rank the offerors on the basis of total score and recommend to the Chief Executive Officer the proposed shortlist for invitation to participate in the RFP.

Legal Approval

The Chief Counsel has reviewed and approved this Request for Qualifications for release.

Budget and Fiscal Impact

This request is the first step in committing funding to the contract. Staff will return to the Board for approval of the future RFP, contract award, and NTPs.

Capital Outlay/Construction Costs

The funds associated with this request include State and federal sources, including State Cap and Trade funds. The request for NTP 1 is consistent with the Program Baseline amendment approved at the May 2019 board meeting. Upon

approval, this request will allocate budget reserves within the 2019 Program Baseline to the future Track and Systems Contract up to \$1,647,449,182.

Table 1: 2019-20 Fiscal Year Budget Impact

There is no budget impact in FY2019-20, the impact begins in FY2020-21 (shown below).

Contract Name	Contract Activity/Number	2020-21 FY Budget Allocation	Funding Source
Track and Systems	FUT30-39-2	\$53,657,589	State and federal
Track and Systems	FUT00-218	\$166,998,966	State and federal
Track and Systems	FUT99-011	\$0	State and federal
Total	-	\$220,656,555	-

Table 2: Total Program Budget Impact

Contract Name	Contract Activity/Number	Budget Change	Funding Source
Track and Systems	FUT30-39-2	\$178,858,632	State and federal
Track and Systems	FUT00-218	\$556,663,220	State and federal
Track and Systems	FUT99-011	\$911,733,118	State and federal
Total	-	\$1,647,449,182	-

Maintenance Costs

The first five years of maintenance following commencement of high-speed rail revenue services would be substantially capitalized through the warranty provisions in the contract, including the provision of construction spares. Following this five-year period, for operations by California High-Speed Rail Authority, revenues generated by the system, including farebox and ancillary revenue, will be the source of funding used, as required by Proposition 1A requirements for high-speed rail service.

If any outside parties operate services on the high-speed rail infrastructure, their access charges will be calculated to cover the full cost of the infrastructure maintenance and operational costs incurred by the Authority.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: ORIGINAL SIGNED ON FILE
Reviewer Name and Title: Tom Fellenz Counsel	Signature verifying legal analysis: ORIGINAL SIGNED ON FILE
Reviewer Name and Title: Brian Kelly Chief Executive Officer	Signature: ORIGINAL SIGNED ON FILE

Recommendations

Staff is requesting approval to issue a Request for Qualifications to obtain Statements of Qualification from qualified offerors to provide Track and Systems. Staff would return to the Board for approval to release the RFP, to award the contract for Track and Systems and issue NTP 1 (Madera to Poplar Avenue), and for each subsequent NTP prior to issuance of that NTP. **Staff will return to the Board for approval of each NTP prior to issuing that NTP.**

Attachments

- Draft Resolution #HSRA 19-04
- Draft Request for Qualifications for Track and Systems