



CALIFORNIA HIGH-SPEED RAIL BRIEFING: **February 17, 2022, BOARD MEETING AGENDA ITEM #3**

TO: Board Chair Richards and Board Members

FROM: Darin Kishiyama, Director of Contract Management

DATE: February 17, 2022

RE: Consider Providing Approval to Release a Request for Qualifications for Program Delivery Support Services

Summary

Staff recommends that the Board approve the issuance of a Request for Qualifications (RFQ) for Program Delivery Support (PDS) services for a contract value up to \$400 million.

Background

The California High-Speed Rail Authority (Authority) is responsible for planning, designing, building, and operating the first high-speed rail system in the nation, linking California's major population centers. With the upcoming expiration of the Rail Delivery Partner (RDP) contract in mid-2022, the purpose of this procurement is to enter into an agreement with a consultant to provide professional services to the Authority for support and technical expertise related to program development, management and delivery of the high-speed rail program.

Instead of amending the RDP contract for additional time, staff is proposing to procure a new contract. The purpose of the PDS agreement is to contract with a team with proven experience in large-scale program management, project management and construction management of civil works contracts.

The PDS contract continues to include 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.

The following scope of services from the current RDP contract would be provided by the Authority or under separate contracts and will not be included in the PDS agreement: finance, leadership, information technology services, planning and sustainability, strategic communication and special projects, rail and operations delivery, safety and security specific to operations, and construction management services for track and systems and trainsets.

The transition of the technical consultant services for rail and operations delivery to a separate contract, which are currently provided under the RDP contract, is intended to support the procurement of trainsets, as well as support

certification of the high-speed rail system and the commencement of passenger rail services. As such, these services are not included in the PDS agreement.

Staff conducted market outreach with several consulting firms (firms) noted below, to discuss these proposed scope changes and obtained feedback. Market outreach materials included an overview of the Authority, its functional areas, the proposed structure of the PDS contract, and an introduction of additional scope such as PCM services. In September 2021, staff met with 10 firms that had registered for the Industry Forum, held on August 4, 2021, and that had indicated an interest in the high-speed rail program as a potential prime consultant. These firms included: AECOM, Atlas Technical Consultants, Bechtel, CPM Associates, Deltech Engineering, Inc., Fluor, Network Rail Consulting, Inc., Turner & Townsend Inc., Atkins North America, and WSP USA, Inc. Registration for the Industry Forum and/or participation in these meetings were not a prerequisite for a firm to participate in the PDS procurement.

Feedback from Market Outreach

During the meetings, firms were asked to respond to a series of questions and provide feedback to the Authority. There was a consensus among participating firms on several key items:

- The PDS contract is not a re-procurement of the RDP contract; the PDS contract scope and structure are different from the RDP contract and require different skills and experience for PCM services.
- While it may be possible for a single firm to have the capacity for the PDS contract, to meet all the technical requirements and proposed scope, partnering among firms, such as the formation of joint ventures or teaming with multiple subconsultants, may be the preferred approach.
- Most of the firms have previous experience with providing services similar to the PDS contract with similar performance metrics, and payment at-risk concepts.
- A transition period will be required to move from the RDP contract to the PDS contract.
- It was recommended by firms, to allow flexibility in meeting relevant key program milestones, that the Authority have the option to extend the PDS contract for up to two additional years beyond the planned four-year term.
- Firms requested that a draft RFQ or the anticipated contract scope of work be issued for review to allow them to form their teaming arrangements.

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 PDS contract.

Discussion

Authority staff seeks approval to issue an RFQ for procurement of PDS services. The draft RFQ, including sample agreement and scope of work, is publicly available on the California State Contracts Register here: www.caleprocure.ca.gov/event/2665/0000021739. A summary of the main areas for the scope of work is provided below.

Scope of Work

The main areas for the 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 will need to be 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 will be 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 the current year to fund work through June 30, 2022.

Small Business Requirements

As provided in the draft RFQ, 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.

Contract Term and Budget

The term of the PDS contract will be four years (August 2022 to August 2026) and the maximum amount of the contract will be \$400 million.

Procurement Process

The solicitation will use the architectural and engineering (A&E) contracting method where statements of qualifications (SOQs) are submitted, and selection is based on qualifications. Costs are not a factor in the selection, but fair and reasonable fees and costs will be negotiated with the top ranked offeror prior to executing a contract. The solicitation process will be 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 Schedule

The anticipated schedule for this procurement is intended to allow the RDP Consultant to complete specified elements of work for which transition to the PDS Consultant would be less efficient (and if the current RDP Consultant is not the successful offeror for the PDS procurement):

Activity	Date
RFQ advertised on Cal eProcure	February 18, 2022 (or thereafter)
Pre-Bid Conference and Small Business Informational Workshop	March 3, 2022
SOQs due	May 17, 2022
Anticipated Notice of Proposed Award Released	June 2022
Presentation to Board: Contract Award	August 2022
Contract Execution and Notice to Proceed	August 2022

Procurement Evaluation Criteria

The RFQ process will be managed by the Authority staff. SOQs submitted by offerors will be reviewed to ensure that all requisite qualifications and other RFQ requirements are met.

The SOQs will be evaluated and scored by an Evaluation Selection Committee pursuant to established criteria in the RFQ, which will include 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 will rank the offerors on the basis of their SOQ scores. In accordance with the Board policy related to RFQs, the Authority will invite selected offerors to participate in Discussions with the Evaluation Selection Committee. Discussions will be held with no fewer than the top three most qualified offerors, unless fewer than three SOQs are received. Discussions will be evaluated and scored by the Evaluation Selection Committee. For each offeror invited for Discussion, the Evaluation Selection Committee will compute a final score, which is the sum of the offeror's weighted SOQ score and weighted Discussion score. Discussion evaluation criteria and final score computation will be 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

In addition to the scored criteria, the RFQ contains a pass-fail criteria requirement related to the offeror's environmental, social, and governance (ESG) efforts, which may include any environmental sustainability efforts, socio-economic equity policies, and governance policies, or a report that conforms to certain sustainability frameworks identified in the RFQ. For purposes of this requirement, "socio-economic equity" means making opportunities and benefits available to all applicants, employees, and affected community members regardless of socioeconomic status and decision making that balances the effects of decisions on vulnerable and underserved communities and individuals regardless of income, race, ethnicity, age, gender, or other factors. The social factors of the ESG criteria complies with Article I, Section 31 of the California Constitution, which was added by Proposition 209 in 1996 and prohibits discrimination or "preferential treatment" on the basis of race, sex, color, ethnicity or national origin in public contracting.

At the conclusions of the entire evaluation process, the offeror with the highest score shall be ranked number one and recommended to the Authority's Chief Executive Officer for contract award, and Board approval will be requested before entering into a contract.

Legal Approval

The Legal Office has reviewed this RFQ and the relevant laws, regulations and policies, and deems this RFQ to be legally sufficient for release.

Budget and Fiscal Impact

This request is to enter into a new Program Delivery Support services contract in an amount of up to \$400 million.

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. Upon approval, this request will allocate budget reserved for this work within the 2021 Expenditure Authorization to the PDS contract up to \$400 million.

2021/22 Fiscal Year Budget

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

Total Program Budget

Contract Name	Contract Number/Budget Allocation	Current Total Program	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: Brian Annis Chief Financial Officer		Signature verifying budget analysis:	
Reviewer Name and Title: Alicia Fowler Chief Counsel		Signature verifying legal analysis:	

Recommendations

Staff recommends that the Board approve the issuance of a RFQ for PDS services for a contract value up to \$400 million, and to make appropriate non-substantive changes to the RFQ as part of the procurement process. Staff will then return to the Board for approval of the award of the contract for these services.

Attachments

- Draft RFQ for Program Delivery Support services, including scope of work