

**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**PLANNING AND PROGRAMMING COMMITTEE  
NOVEMBER 18, 2009**

**SUBJECT: PUBLIC-PRIVATE PARTNERSHIP PROGRAM**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATIONS**

- A. Authorize the Chief Executive Officer (CEO) to:
1. Execute task orders 3A and 4A of Contract No. PS4370-2316 to InfraConsult LLC in the not-to-exceed amount of \$11.5 million to conduct strategic assessments and develop business cases for the six initial projects (Attachment A) of the 14 identified high potential Public-Private Partnership (PPP) candidates; and
  2. Approve contract modifications for up to 10% to cover the cost of any potentially unforeseen issues that may arise during consultant performance of Tasks 3A and 4A. Attachment B contains the Procurement Summary.
- B. Amend the FY10 Budget to increase the revenues and expenditures by \$6.0 million to advance PPP delivery for the six projects identified in Attachment A.

**RATIONALE**

At its October 2009 meeting, the Board approved the Public-Private Partnership Project Screening Report and the initial six projects to be the prime focus for preparation of a Strategic Assessment and Business Case Development (Tasks 3 and 4) of Contract No. PS4370-2316. This report authorizes the work to proceed and identifies the funding plan for these Tasks.

### **Tasks 3 and 4**

InfraConsult LLC and its subcontractors (KPMG LLP, Halcrow Inc., Nossaman LLP, Sharon Greene + Associates and Englander & Associates) will undertake a strategic assessment of the initial six projects to define and develop project elements that could enhance the project's suitability for various approaches to private sector participation and project acceleration. The advanced compilation of information and evaluation of detailed economic analyses, technical feasibility studies, comprehensive financial models and project delivery information will result in a detailed technical, legal and financial rationale for the selection of projects to be delivered utilizing private sector participation.

It will also be critical to develop a detailed and comprehensive business case for each of the six projects to determine value for money, life cycle cost factors, project attributes most promising for attracting private investment and/or risk sharing and potential procurement strategies. The business cases are critical to the selection of appropriate project delivery methods to provide us the best value.

Much of the information developed in Tasks 3 and 4 is essential for project and procurement development to advance these projects, independent of the selected delivery method. InfraConsult will be collaborating with staff and project teams currently working on the six projects, and we will coordinate this effort closely to avoid duplication of work effort. Including this work in the scope of Contract No. PS4370-2316 advances the availability of project information, enabling an acceleration of project delivery and providing a focus on specific factors that facilitate private sector participation.

### **FINANCIAL IMPACT**

Funding of \$855,000 in Propositions A, C and TDA Administration funds were included in the FY 10 budget in Cost Center 4370, San Fernando Valley/North County Area Team, Project 405510, Task 10.01, line item 50316, to explore potential PPP opportunities at MTA. Approval of this report will add \$6.0 million to the FY10 budget; \$1.0 million for each of the following projects:

<b>PROJECT #</b>	<b>PROJECT NAME</b>	<b>FUNDING SOURCE</b>
465512	Crenshaw Boulevard Transit Corridor	Measure R
465518	Metro Red line Westside Subway	TCRP (cash)
460228	Regional Downtown Connector	TCRP (cash)
465550	High Desert Corridor	Measure R
405520 & 460316	I-710 South EIR/EIS I-710 South Early Action Projects	Prop. C 25%, Federal, State, Other Measure R
460315	SR-710 North Extension (tunnel)	Measure R

The total proposed cost for the PPP activities is \$11.5 million, approximately \$2 million for each project for FY10 and FY11. The funding for each of the selected projects will be considered part of the total cost estimate for that project and is not expected to increase the amount of funds forecasted to be available for the individual projects in the LRTP. As this is a multi-year project, it will be the responsibility of the Cost Center manager and Chief, Real Property Management and Development to budget expenditures in future years.

### **Impact to Bus and Rail Operating and Capital Budget**

The source of funds for each project is identified in the table above. The Measure R and Prop C25% funds are not eligible for bus and rail operating or capital expenditures; the TCRP cash funds are eligible for bus and rail operating and capital expenditures. No other sources of funds were considered because funding available for these projects is limited to these sources only. The PPP activities in themselves will not create operating costs; however, the three rail projects, once implemented, will increase operating costs.

### **ALTERNATIVES CONSIDERED**

Alternatives considered were: (1) using existing in-house resources to continue the PPP program; and (2) executing the task orders for a lesser amount. Neither of these alternatives is recommended. We do not have the in-house resources to undertake the complex technical analysis and program management required for the PPP program. Reducing the scale of the task orders will limit the number of projects which could be further analyzed at this time, hampering the potential to identify opportunities to leverage future funding and accelerate project delivery.

### **ATTACHMENTS**

- A. List of six initial projects
- B. Procurement Summary
- B-1. Procurement History

Prepared by: Kathleen Sanchez, Transportation Planning Manager  
Mayumi Lyon Ales, Contract Administrator, Contract Administration



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Roger S. Moliere  
Chief, Real Property Management and Development



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Arthur T. Leahy  
Chief Executive Officer

**LIST OF INITIAL RECOMMENDED PROJECTS**

**CRENSHAW BOULEVARD TRANSIT CORRIDOR**

**METRO RED LINE WESTSIDE SUBWAY**

(Wilshire/Western Station to Westwood via Wilshire Boulevard Alignment)

**REGIONAL DOWNTOWN CONNECTOR**

**HIGH DESERT CORRIDOR**

**I-710 SOUTH**

(Including I-710 South Early Action Projects)

**SR-710 NORTH EXTENSION (tunnel)**

## BOARD REPORT ATTACHMENT B

### PROCUREMENT SUMMARY PUBLIC-PRIVATE PARTNERSHIP CONSULTING SERVICES MODIFICATION NO. 1 - TASKS 3A AND 4A

1.	Contract Number: PS4370-2316 Modification No. 1 - Tasks 3A and 4A		
2.	Recommended Vendor: InfraConsult LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$12,844,315	Recommended Price: NTE \$11,500,000 for Tasks 3A and 4A	
	B. Details of Significant Variances are in Attachment B-1.D		
4.	Contract Type: Firm-Fixed Price (Task Orders)		
5.	Procurement Dates:		
	A. Issued: 9/3/09		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: 9/25/09		
	E. Pre-Qualification Completed: 03/25/09		
	F. Conflict of Interest Form Submitted to Ethics: 02/20/09		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 10% DALP	Date Small Business Evaluation Completed: 03/16/09	
	B. Small Business Commitment: 12.26% DBE (DALP) Details are in Attachment B-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names:  InfraConsult LLC	<u>Bid/Proposal Amount:</u> \$12,844,315	<u>Best and Final Offer Amount:</u> NTE \$11,500,000 Tasks 3A and 4A
	B. Evaluation Methodology: Details are in Attachment B-1.C		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Mayumi Lyon Ales	Telephone Number: 922-4020	
11.	Project Manager: Kathleen Sanchez	Telephone Number: 922-2421	

**BOARD REPORT ATTACHMENT B-1**  
**PROCUREMENT HISTORY**  
**PUBLIC-PRIVATE PARTNERSHIP CONSULTING SERVICES**  
**MODIFICATION NO. 1 - TASKS 3A AND 4A**

**A. Background on Contractor**

InfraConsult LLC (InfraConsult) is located at 288 Broadway, Laguna Beach, California 92651.

InfraConsult was established in 2006 as an infrastructure-centered management consultancy firm. Practice areas include strategic planning, project development and finance, and organizational management. Their principal market is public transportation advisory and consultation services.

InfraConsult's senior staff is knowledgeable and experienced in the international PPP market. Their Project Manager is a civil engineer, urban planner, and transport economist who has directed a number of highly innovative infrastructure delivery and procurement programs and was instrumental in setting up two special-purpose companies that focus on the development of infrastructure through public-private partnerships. In addition, he co-chairs the National Committee on PPP for the American Public Transportation Association (APTA).

InfraConsult's Procurement and Project Implementation Lead has in-depth experience and current knowledge of development, funding, contract documentation and construction of PPP projects worldwide. He will recommend the best PPP candidate(s) and advise as to fair and feasible risk sharing among all participants to accelerate implementation. InfraConsult's Project Delivery Lead is internationally recognized as one of the first bankers to develop and implement private sector financing schemes for infrastructure development. She structured and closed the first private investment transaction involving a commuter railroad and private real estate investors and has 30 years experience as an international investment banker, project developer and consultant focused on transportation management and infrastructure development.

InfraConsult is involved in recent and ongoing projects with relevance to PPP consulting services. They are the program management and production development oversight for the Rapid Transit Division of the City of Honolulu (HI) in support of its \$5.3 billion elevated rail system being implemented under a multiple-strategy delivery program, including design-build procurement for civil works contracts and potential PPP options. They are providing project delivery advisory services and public-private partnership assessment for Sacramento Regional Transit (CA) for development of a light rail extension. They are also providing strategic advisory services, project management oversight, organizational development, and implementation assistance to the Utah Transit Authority (Salt Lake City, UT) for the 5-corridor, \$5 billion Frontlines 2015 transit development program, being developed through "PM/GC" public-private partnerships. Additional relevant projects include their evaluation of public-private partnership options for the development of a new Mississippi River Bridge crossing in St. Louis for the East-West Gateway Council of Governments; value for money analysis and cost evaluation for the Denver Regional Transportation District (CO) in review of the multi-corridor FasTracks transit expansion program (one of three designated FTA

Public-Private Partnership Pilot Programs); project management and project finance support for the development of a \$1.7 billion commuter railroad in the State of Guanajuato, Mexico, being done under a public-private partnership concession; project management support and community outreach for the Hampton Roads Transit (VA) light rail program; and stakeholder outreach and early revenue service for Valley Metro Rail in Phoenix (AZ).

#### **B. Procurement Background**

This Request for Proposal (RFP) Contract No. PS4370-2316 Modification No. 1 is a standard qualifications-based, negotiated competitive procurement for Tasks 3A and 4A where cost was not an evaluation criterion.

On September 17, 2008 the Board approved item #6 for the PPP Work Plan, which included the procurement of a consultant to provide support for our PPP program and strategy development, and to provide technical and financial services. On April 23, 2009 the Board approved item #5, Public-Private Partnership Consulting Services, for program development (Task 1) and project screening (Task 2), with four (4) additional tasks to be negotiated in the future: to undertake a strategic assessment of selected PPP projects (Task 3); to develop a business case (Task 4); to assist Metro staff with development of procurement evaluation criteria and submission requirements, marketing strategies, outreach and legislation (Task 5); and to assist in the development of concession/contractual agreements (Task 6). On October 22, 2009, the Board approved the PPP Screening Report and the initial six projects (of 14) as the prime focus for Tasks 3 and 4.

The purpose of this procurement is for the prime contractor to undertake a more detailed assessment of the selected six (6) PPP projects and develop a business case for each project. This modification is not to exceed \$11,500,000 with task orders issued on a firm-fixed price basis.

The Diversity and Economic Opportunity Department (DEOD) recommended a 10% DBE Anticipated Level of Participation (DALP) goal. InfraConsult's Small Business Commitment for the Public-Private Partnership Consulting Services contract is 12.26% DALP. Achieving the DALP is a goal, but not a condition, of the award of the contract.

#### **C. Evaluation of Proposals**

The RFP in support of the contract modification, Contract No. PS4370-2316 Modification No. 1 - Tasks 3A and 4A, was issued in accordance with Metro Procurement Policy and Procedures. The source selection committee conducted a comprehensive technical evaluation, including oral discussions. Based on the evaluation criteria stipulated within the RFP solicitation and responsiveness, InfraConsult has fulfilled the requirements of Metro.

#### **D. Cost/Price Analysis Explanation of Variances**

The recommended price not to exceed \$11,500,000 for this contract modification, Contract No. PS4370-2316 Modification No. 1 - Tasks 3A and 4A, has been determined to be fair and reasonable based upon a Management Audit Services (MAS) commercial market rate analysis, a cost analysis, independent cost estimates, a fact find, technical review, and negotiations.



**BOARD REPORT ATTACHMENT B-2**

**LIST OF SUBCONTRACTORS  
PUBLIC-PRIVATE PARTNERSHIP CONSULTING SERVICES  
MODIFICATION NO. 1 - TASKS 3A AND 4A**

**SMALL BUSINESS PARTICIPATION (Contract #PS-4370-2316)**

This Contract has a Disadvantaged Business Enterprise (DBE) Anticipated Level of Participation of 12.26%. The Contract was awarded to **InfraConsult, LLC** on May 15, 2009 and is approximately 95% complete. Current DBE attainment<sup>1</sup> based on the current contract amount<sup>2</sup> is 12.26%. Current DBE participation<sup>3</sup> based on total actual amount paid-to-date to Contractor and total actual amount paid-to-date to DBE firms is 19.61%. The original subcontractor is performing as listed below.

<b>Original Award Amount</b>	<b>\$397,535</b>
<b>Current Contract Amount<sup>2</sup></b>	<b>\$397,535</b>
<b>Total Actual Amount Paid to Date to Prime</b>	<b>\$248,517</b>

<b>Subcontractor's Name</b>	<b>Commitment</b>	<b>Current Attainment<sup>1</sup></b>	<b>Current Participation<sup>3</sup></b>	<b>Current Status</b>
<b>Sharon Greene &amp; Associates</b>	<b>12.26%</b>	<b>12.26%</b>	<b>19.61%</b>	<b>Performing</b>
<b><i>TOTAL</i></b>	<b>12.26%</b>	<b>12.26%</b>	<b>19.61%</b>	<b>Performing</b>

<sup>1</sup>*Current Attainment = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Current Contract Amount*

<sup>2</sup>*Current Contract Amount = Original Contract Amount + Contract Cost Modifications*

<sup>3</sup>*Current Participation = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Actual Amount Paid-to-Date to Prime*

