



May 14, 2020

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the memo.

Subject: Agreement for Operations and Maintenance Services for the OC Streetcar Project

Overview

The Orange County Transportation Authority is underway with construction of the OC Streetcar, and services are required to operate and maintain the system. A competitive procurement has been conducted, and offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Directors' approval is requested to execute an agreement for operations and maintenance services for the OC Streetcar.

Recommendations

- A. Approve the selection of Herzog Transit Services, Inc. as the firm to provide operations and maintenance services for the OC Streetcar Project.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-8-2039 between the Orange County Transportation Authority and Herzog Transit Services, Inc., in the amount of \$45,065,590, for operations and maintenance services for the OC Streetcar Project for an initial start-up and pre-revenue period, and a five-year revenue term, with two, two-year option terms.

Discussion

On March 27, 2017, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the use of a contractor to provide operations and maintenance (O&M) services for the OC Streetcar. The contractor is required to provide management for O&M of the streetcar system, alignment, vehicles, and all streetcar-specific tools and equipment. The contractor will initially be responsible for providing documentation and staffing required to prepare for the implementation and commencement of operations of

the OC Streetcar, known as the start-up and pre-revenue service period. The start-up and pre-revenue service period will last approximately 17 months.

During the first half of this start-up and pre-revenue period, the contractor will engage its key management personnel, who will work with OCTA to develop rulebooks, standard operating procedures, and create documentation required to support start-up and operations. During the second half of the period, the contractor will chair the Rail Activation/Operations Committee, hire and train streetcar operators and maintenance staff, and will support vehicle and system testing and documentation to prepare for revenue service. During the pre-revenue period, the contractor will also develop and administer the Rail Activation Plan, System Integration Testing Plan, and Public Transportation Agency Safety Plan, which are requirements of the California Public Utilities Commission (CPUC) and the Federal Transit Administration (FTA) prior to initiating revenue operations.

Additionally, the contractor will be responsible to:

- Adhere to all requirements from the CPUC as the safety and security regulatory authority over rail transit and other public transit fixed-guideway systems in California (CA).
- Operate and maintain the OC Streetcar system and provide the requisite personnel, services, supplies, and equipment (except for such supplies and equipment provided by OCTA) required to safely and efficiently operate and maintain the OC Streetcar.
- Conduct and document all maintenance and repairs of streetcar vehicles in a state of good repair.
- Clean vehicles at OCTA-prescribed intervals.
- Provide all streetcar dispatching, communication, and supervising activities.
- Inspect, test, maintain, and repair all streetcar system components, including, but not limited to, track, switches, rail signals and crossing gates, train-to-wayside control, the overhead power system, wires, poles, stanchions, and substations.
- Comply with all OCTA, state, and federal standards and requirements for both the pre-revenue and revenue operations periods.
- Provide security services for the maintenance and storage facility (MSF).
- Provide station stop maintenance and repair services.

OCTA will be responsible to:

- Provide the streetcar vehicles and MSF.
- Provide all needed non-specialized, non-revenue vehicles.
- Conduct all security, fare collection, and enforcement activities on the OC Streetcar.

- Establish the overall service O&M parameters, handling all customer comments, and establishing fare policies and the fare structure.

OCTA’s anticipated schedule that was provided in the request for proposals (RFP) is as follows. This schedule is subject to change.

Activity	Period of Performance	Duration
Start-Up Period	9/1/2020 – 4/30/2021	8 months
Pre-Revenue Service Period	5/1/2021 – 2/1/2022	9 months
Revenue Operations Period	2/2/2022 – 2/1/2027	5 years
Revenue Operations Option Term 1	2/2/2027 – 2/1/2029	2 years
Revenue Operations Option Term 2	2/2/2029 – 2/1/2031	2 years

During the start-up and pre-revenue periods, the contractor will be paid on a fixed-rate-per-month basis. During the revenue operations period, the contractor will invoice OCTA on a monthly fixed-fee and variable hourly rate structure based on revenue vehicle hours (RVH) operated. As proposed, the contractor’s monthly fixed-fee will include the costs of labor, benefits, office expenses, security services for the MSF, and management fee/overhead for management and administrative personnel. The contractor’s monthly variable rate, which is driven by RVH can change based on approved fluctuations in service or staffing levels, will include the costs of labor, benefits, and taxes for O&M personnel, materials, supplies, uniforms, and management fee/overhead.

The current service plan anticipates providing 31,508 RVH annually using four to six streetcar vehicles. The proposed agreement includes language that will provide for the RVH rate to be renegotiated if the service level changes 20 percent above or below the established base RVH level for each year.

Procurement Approach

This procurement was handled in accordance with OCTA Board-approved procedures for professional and technical services. In addition to cost, other factors are considered in an award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal considering factors such as qualifications, prior experience with similar projects, staffing and project organization, work plan, as well as cost and price. To initiate the procurement, an industry forum was held on November 15, 2017, at OCTA’s administrative offices prior to the issuance of the RFP for the project. The purpose of the forum was to inform participants of the upcoming

procurement, gauge industry interest, gather industry feedback for possible inclusion in the procurement, and inform potential proposers of OCTA's requirements.

The industry forum was attended by five interested firms. OCTA and the five firms exchanged ideas in one-on-one meetings regarding scope of work, contract duration, and terms and conditions, some of which were incorporated in the RFP documents.

On November 12, 2018, the Board authorized the release of RFP 8-2039 for Operations and Maintenance Services for the OC Streetcar, which was issued electronically on CAMM NET. The project was advertised in a newspaper of general circulation on November 12 and 19, 2018 and the trade magazine, *Transit Talent*, on November 13, 2018. A pre-proposal conference was held on December 13, 2018, with 17 attendees representing 13 firms. Ten addenda were issued to make available the pre-proposal conference registration sheet and presentation, respond to over 280 questions received, and handle administrative changes to the RFP.

On July 24, 2019, four proposals were received. An evaluation committee consisting of OCTA staff from Contracts Administration and Materials Management (CAMM), Maintenance and Motorist Services, OC Streetcar Operations, and external representatives from the City of Milwaukee, Wisconsin and the Southeast Ohio Regional Transportation Authority met to review all submitted proposals.

The proposals were evaluated based on the following Board-approved evaluation criteria and weights:

- Qualifications of the Firm 20 percent
- Staffing and Project Organization 25 percent
- Work Plan 30 percent
- Cost and Price 25 percent

Several factors were considered in developing the criteria weights. Staff assigned the greatest level of importance to the work plan, as the technical approach to the service plan, implementation schedule for the different phases of operations, and methods to manage budget and schedule are critical to the successful delivery of the O&M services.

The next level of importance was assigned to the staffing and project organization. The qualifications of the general manager and other key personnel are essential to the successful operation of the service, along with an understanding of the challenges, adequate level of staffing, and having related experience in managing all phases of operations. Cost and price were weighted

at 25 percent to ensure the firms submitted competitive price proposals. Qualifications of the firm was weighted at 20 percent to ensure firms have experience providing similar services, with relevant scope and complexity, and knowledge of CPUC general orders and FTA public safety and security program requirements as noted in the RFP. Having experience with the CPUC and FTA is important for the O&M contractor to demonstrate a clear understanding of initializing rail activation and system safety certification.

The evaluation committee reviewed all proposals and short-listed the three most qualified firms listed below in alphabetical order.

Firm and Location

Bombardier Mass Transit Corporation (Bombardier)
(Plattsburgh, New York)

Herzog Transit Services, Inc. (Herzog)
(St. Joseph, Missouri)

RATP Dev USA (RATP)
(Fort Worth, Texas)

On September 25, 2019, the evaluation committee conducted interviews with the short-listed firms. The interview consisted of the firms presenting their operations and maintenance plan, discussion on background of the key personnel, challenges related to performing on the alignment and their approach to recruitment and training of staff. Firms were also asked specific questions related to their proposal.

On November 25, 2019, a request for a best and final offer (BAFO) was issued to the three short-listed firms. The BAFO formally incorporated the station stop maintenance and repair services into the scope of work; updated specific terms and conditions of the agreement, and updated the cost and price summary forms to include station stop maintenance and repair services. On February 5, 2020, the evaluation committee reconvened via a teleconference to review the BAFO and clarification responses.

After considering the responses to the questions asked during the interviews and BAFO information and clarifications, the evaluation committee adjusted the scores for two out of the three firms and the rankings changed, with Herzog as the top-ranked firm with the highest-cumulative score.

Qualifications of Firm

All three firms have extensive experience providing O&M services on a national as well as global basis.

Herzog has been providing O&M services to the rail industry since 1993. Herzog has relevant experience with a proven track record of delivering operations and maintenance services for 20 rail and streetcar systems throughout North America. Herzog's current experience in CA and in the United States (US) includes the Kansas City Streetcar, Oklahoma City Streetcar, Caltrain in San Jose, CA, Altamont Corridor Express in Stockton, CA, Metrorail in Austin, Texas, and New Jersey Transit (NJT) in Atlantic City. Herzog's team has demonstrated streetcar start-up and CPUC experience. The firm is also well-versed in FTA program requirements and National Transit Database reporting. Herzog proposed to partner with four subcontractors to provide support for vehicle and station platform maintenance and repair, on-call electrification, emergency rerailing and un-armed security services. Two of the four subcontractors have experience working directly with Herzog on current rail projects, while two have experience providing their services to other transportation agencies.

RATP has been providing O&M services to the rail industry for over 40 years throughout North America. RATP's relevant experience in the past 15 years includes the Sun Link Streetcar in Tucson, Arizona and the Washington, D.C. Streetcar in addition to various streetcar/light rail systems in Paris, Manchester, and Casablanca. The firm also has experience managing start-up phases. RATP does not have any CPUC experience. RATP has proposed to partner with Siemens Mobility, Inc. as a subcontractor to provide streetcar system and vehicle maintenance services. RATP has worked with Siemens Mobility on various rail projects. RATP has also proposed to partner with four other subcontractors who will provide the vehicle and station platform cleaning and unarmed security services and has worked with one of these subcontractors providing services to a local transportation agency.

Bombardier is an experienced O&M service provider throughout North America and globally with demonstrated experience in start-up and pre-revenue operations. The firm's current portfolio includes commuter rail operations with NJT River Line, Central Florida Corridor SunRail commuter rail, and John F. Kennedy International Airport AirTrain in New York City. Bombardier has extensive CPUC and FTA experience with its automated people mover agreements in Los Angeles, Sacramento, and San Francisco, as well as commuter rail operations with Southern California Regional Rail Authority (Metrolink) and North County Transit District Sprinter commuter rail in San Diego. Bombardier does not have any current streetcar experience in North America. The firm proposed to partner with four other subcontractors to

provide system and vehicle cleaning services as well as un-armed security and skilled rail labor services and has a history of working with three of the subcontractors.

Staffing and Project Organization

Herzog has proposed a qualified and experienced team who has over 55 years of combined rail experience as well as extensive experience working with the Siemens S70 vehicles. The proposed general manager and operations manager have over 36 years rail experience and are both providing project management and O&M streetcar support consulting services to Herzog on the Kansas City and Oklahoma City streetcar projects. Both managers have extensive experience with CPUC and FTA rail transit requirements. The proposed maintenance manager has over 22 years rail experience as well as extensive maintenance experience with the Siemens S70 vehicle. The proposed safety manager is certified in both Transit Security and Safety Program (TSSP) and FTA Transit Rail Incident Investigation.

Herzog's proposed staffing levels adequately support all the project requirements and schedule. During the interview, Herzog's team provided responses that demonstrated their knowledge of starting up and maintaining a streetcar operation within CA. Herzog also stated that they will engage their corporate Human Resources Department to recruit qualified personnel by engaging potential candidates through various tools such as social media, Herzog's website, online job posting sites, and local newspapers and periodicals to meet the staffing needs. All proposed key personnel were present at the interview and validated their experience by providing detailed responses to questions.

RATP also proposed a qualified team with relevant experience. The proposed general manager has experience with start-up streetcar projects in Atlanta, Georgia, Seattle, Washington and Tucson, Arizona. The proposed operations manager has a decade of streetcar and light rail O&M experience with two transportation agencies in the US. The proposed maintenance manager has over 13 years of rail operations, maintenance, and safety oversight experience. The proposed safety manager has over 30 years of experience with various transportation agencies within the US.

RATP's proposed staffing composition of operators and operations supervisors, was changed with the BAFO submission to reduce the number of operators and this reduced level of effort was deemed by the evaluation committee as a potential risk to service delivery. Based on the wages proposed, the evaluation committee was concerned about recruitment and retention of vehicle operators. The firm did provide a detailed recruitment plan and training plan. The interview

demonstrated knowledge, ability, and experience with rail operations and provision of O&M services.

Bombardier proposed a qualified team with relevant experience. The proposed general manager has eight years of rail experience and was previously chief vehicle maintenance officer with the Southeastern Pennsylvania Transportation Authority. The proposed operations manager is a senior subject-matter expert with the firm and was previously the general manager with the Central Florida Sunrail system. The proposed maintenance manager is also a senior subject matter expert with Bombardier and has been with the firm for 22 years. The proposed safety manager is TSSP-certified and was previously the system safety supervisor with the NJT River Line. All proposed staffing levels met the project requirements. Bombardier proposed to augment some of their skilled rail staff by utilizing one of their subcontractors to recruit local candidates. Bombardier adequately responded to all interview questions.

Work Plan

Herzog's comprehensive understanding of the project scope of work and requirements was demonstrated in a detailed roll-out plan for each project phase. Herzog provided a detailed functional chart that illustrated their knowledge of the division of work activities, capabilities, and responsibilities of the O&M contractor during each phase of the project. Herzog's experience in start-up planning on the Kansas City and Oklahoma City streetcar projects prepares them to provide all key operational documents such as the Book of Operating Rules, Standard Operating Procedures, O&M Plans, Rail Activation Plan, and safety and security documents that include the System Security and Emergency Preparedness Plan and System Safety Program Plan. Herzog is experienced in developing a comprehensive training program in partnership with the streetcar manufacturer that includes such topics as operational route description, tailgate safety meetings, track access training, streetcar maintenance training, and streetcar operator certification. Herzog demonstrated a clear understanding of the requirements to coordinate with the streetcar construction contractor and the streetcar vehicle manufacturer.

RATP's proposed work plan was detailed with all processes and procedures clearly documented by phase and included providing all key operational documents. RATP's proposed utilization of Siemen's proprietary web-based revenue vehicle maintenance platform, Railigent, would provide predictive information for optimal fleet operation. Their organizational chart delineated roles and responsibilities which were further clarified during the interview. RATP's safety management system (SMS) meets the current FTA SMS guidelines and focuses on a return on investment by decreasing costs through increased employee engagement and extensive safety training.

Bombardier provided a detailed project implementation plan and schedule by phase that included all required process and operating documentation. The plan demonstrated a clear understanding of the numerous CPUC and FTA system and vehicle testing requirements. Bombardier’s plan demonstrated the firm’s ability to provide system and revenue vehicle maintenance, operations and engineering support amongst the various contracted rail agencies by utilizing their service delivery centers within CA.

Cost and Price

Cost and Price was weighted at 25 percent of the overall score. All firms submitted and were evaluated on the price for the initial and option terms of the contract, as required by FTA. However, contract award is for the price of the initial term only. Option terms will be exercised with Board approval at a future date.

On November 25, 2019, the short-listed firms were asked to submit a BAFO which added the station platform cleaning services and updated specific agreement terms and conditions. Additional BAFO clarifications requests were issued to the short-listed firms on January 30, 2020, prior to finalizing the scores.

Scores for the cost and price were based on a formula that assigned the highest score to the firm with the lowest total price and scores the remaining firms’ total prices based on their relation to the lowest total price. The total price proposal was solicited separately from the firms’ technical proposal, reviewed, and analyzed by CAMM and Financial Planning staff.

The following is a breakdown of the price by the short-listed firms after the BAFO Offer:

Initial Term

Firm	Start-up and Pre-Revenue	Revenue Operations (Initial Term)	Station Platform Services	Total
Initial Term				
Herzog	\$4,928,910	\$38,885,175	\$1,251,505	\$45,065,590
RATP	\$4,690,752	\$40,004,535	\$2,658,304	\$47,353,591
Bombardier	\$6,851,436	\$45,009,526	\$2,842,739	\$54,703,701

Option Terms

Option Terms	Start-up and Pre-Revenue	Revenue Operation	Station Platform Services	Total
Herzog	N/A	\$36,907,658	\$945,615	\$37,853,273
RATP	N/A	\$36,301,132	\$2,124,008	\$38,425,140
Bombardier	N/A	\$39,632,555	\$2,190,311	\$41,822,866

Total Cost (Initial Term and Option Terms)

Firm	Initial Term Revenue Operations	Revenue Operations (Option Terms)	Total Price
Herzog	\$45,065,590	\$37,853,273	\$82,918,863
RATP	\$47,353,591	\$38,425,140	\$85,778,730
Bombardier	\$54,703,701	\$41,822,866	\$96,526,567

Herzog’s total contract price of \$82,918,863, is the lowest price amongst all three firms. This price is for the start-up phases, monthly operations and maintenance costs, vehicle revenue service, and station platform maintenance and repair services.

RATP’s total contract price of \$85,778,730, is second lowest price amongst the three firms, and Bombardier’s total price of \$96,526,567, is the highest of all short-listed firms.

Herzog’s overall price of \$82,918,863, is within one percent of OCTA’s independent cost estimate and thus is considered fair and reasonable.

Procurement Summary

Based on the evaluation of the written proposals, the information obtained from the interviews, and the BAFO request and clarifications, the evaluation committee recommends Herzog as the top-ranked firm to provide O&M services for the OC Streetcar. Herzog demonstrated relevant experience in both the start-up of new service and ongoing O&M and submitted a comprehensive proposal that was responsive to all requirements of the RFP.

Fiscal Impact

The costs associated with the start-up and pre-revenue services are included in the OCTA Fiscal Year 2019-20 Budget, Operations Division, OC Streetcar, Account 0051-TS010-7370-Z88. Start-up and pre-revenue services are eligible expenses for reimbursement under the Full Funding Grant Agreement (FFGA).

Some portion of this phase of work will be funded from FFGA contingency because some of the services were not included when the project cost estimate was prepared. It will not increase the project cost of \$407.7 million, as defined in the FFGA.

For revenue service, OCTA intends to leverage state and federal funds including federal Congestion Mitigation and Air Quality Improvement Program funds and State of California Low Carbon Transit Operations Program funds to support revenue service operations in addition to fares, Measure M2 Project S and contributions from the cities of Garden Grove and Santa Ana.

Summary

Staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute Agreement No. C-8-2039 with Herzog Transit Services, Inc., in the amount of \$45,065,590, for an initial start-up and pre-revenue term and a five-year revenue term with two, two-year revenue option terms, for operations and maintenance services for the OC Streetcar.

Attachments

- A. Operations and Maintenance Services for the OC Streetcar Project, Review of Proposals RFP 8-2039
- B. Proposal Evaluation Criteria Matrix (“SHORTLISTED FIRMS”), RFP 8-2039 Operations and Maintenance Services for the OC Streetcar Project
- C. Contract History for the Past Two Years, RFP 8-2039, Operations and Maintenance Services for the OC Streetcar Project

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