

**Metro**

Los Angeles County
Metropolitan Transportation Authority

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**PLANNING & PROGRAMMING COMMITTEE
APRIL 17, 2013**

**SUBJECT: PUBLIC-PRIVATE PARTNERSHIP PROGRAM
ACCELERATED REGIONAL TRANSPORTATION IMPROVEMENTS
PROJECT (ARTI)**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATIONS

- A. Receive and file the I-5 North Capacity Enhancements Draft Supplemental Environmental Impact Report/Environmental Reevaluation (SEIR/ER);
- B. Adopt High Occupancy Toll (HOT) Lanes, replacing the previously proposed High Occupancy Vehicle (HOV) Lanes, on Interstate 5 (I-5) from State Route 14 to Parker Road in the City of Santa Clarita and unincorporated Los Angeles County, California, as the Locally Preferred Alternative (LPA); and
- C. Authorize the Chief Executive Officer to:
 - 1. Execute Modification(s) to Contract No. PS4370-2316 Public-Private Partnership (PPP) Consulting Services, with InfraConsult LLC, (Consultant), to continue providing PPP advisory and transactional services for Accelerated Regional Transportation Improvements (ARTI) under Task 5 – Procurement and Task 6 – Concession/Contractual Agreements, representing all final work required to reach commercial and financial close with a concessionaire in early 2015, in an amount not-to-exceed \$8.7 million, increasing the total contract value from \$18,857,535 to \$27,557,535;
 - 2. Increase Contract Modification Authority specific to Contract No. PS4370-2316 to fund pending changes in an amount not-to-exceed \$1,305,000; and
 - 3. Amend the FY13 budget to increase expenditures by \$4,700,000 and the FY14 budget by \$3,000,000 for contract amendments.

ISSUE

At its July 2012 meeting, the Board authorized the procurement and delivery of the Highway Goods Movement Package (now ARTI) as a Public-Private Partnership (PPP) project. In November 2012, the Board authorized the incorporation of a HOT facility into the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy to ensure consistency with the 2009 Long Range Transportation Plan and the PPP Program. This is as an alternative to the HOV lane originally considered as the I-5 North Capacity Enhancement project. The I-5 North Capacity Enhancement is an element of the ARTI project; the other elements of ARTI are I-5 North Pavement Rehabilitation, SR-71 Gap Closure (two segments) and Soundwall Packages 10 and 11.

As work on ARTI progresses, we continue to reach decision points that require Board approval, as well as milestones to share with the Board. The actions requested in this Report are necessary so that we may maintain our aggressive project delivery schedule.

DISCUSSION

I-5 Capacity Enhancements

The I-5 HOV/Truck Lanes Project was previously approved in an Environmental Impact Report/Finding of No Significant Impact (EIR/FONSI) approved by Caltrans on September 1, 2009. The truck lanes component of the project is currently under construction, however, the high occupancy lanes between SR-14 and Parker Road will not be fully funded until 2040. To accelerate the construction of needed capacity enhancements to this section of I-5, we propose to include the improvements as one of the ARTI projects, to be delivered under a design-build-finance-operate-maintain (DBFOM) PPP procurement, utilizing an availability payment structure. We recommend that a HOT lane facility be constructed rather than HOV lanes, for more efficient use of the added capacity and to generate revenue to support the operations and maintenance of the I-5 within the project limits. Proposing to construct a HOT lane facility changes the scope of the I-5 HOV/Truck Lanes Project, requiring preparation of a Draft SEIR/ER by Caltrans to evaluate the potential impacts associated with the scope change and ensure that the environmental documentation reflects the current project. Based on the analysis completed for the document, the change in scope of the project would not result in any additional impacts.

The Draft SEIR/ER was released for the required 30-day circulation period on March 15, 2013 and a public hearing was held on March 28, 2013. A comprehensive response to public comments will be incorporated by Caltrans in the Final SEIR/ER, which will be completed by mid-May. At that time, a Notice of Determination will be filed with the State Clearinghouse. Approval from Federal Highways Administration (FHWA) is anticipated by September 2013.

The adoption of the LPA is necessary in order for LACMTA and Caltrans to incorporate a HOT lane and a tolling concept into the ARTI Business Case. The full report is available upon request or at: www.metro.net/projects/i-5-n-capacity-enhancements/draft-environmental-impact-report.

Community Outreach

There has been a comprehensive community outreach program taking place during the first quarter of 2013 to inform the public about the I-5 Capacity Enhancements Project and the SEIR/ER to the previously approved EIR/FONSI. Metro also wanted to make the public aware of the additional components within the larger ARTI Project and the proposed PPP delivery method.

For the I-5 Capacity Enhancements Project, there have been over thirty meetings with community stakeholders including two Community Workshops attended by close to 100 people. Residents were notified of the public process through mailings, Metro Briefs, The Source, take-ones on Santa Clarita Transit buses, email blasts, ads in The Signal and the Daily News, a public telephone hotline, and a dedicated webpage on Metro's website. The project received media coverage in the Los Angeles Daily News, the Santa Clarita Signal, City News Service, Radio KHTS and KNX, KTTV- Fox News 11, KNBC News 4, KCBS News 2, and KVEA Telemundo News 52. Information was also disseminated through local newsletters including the Golden State Gateway Coalition, Castaic Town Council and the Santa Clarita Chamber of Commerce.

Comments by community members range from support for acceleration of the project to opposition and concern about tolls, sound wall locations and questions regarding how the lanes would be operated. Support letters/resolutions in favor the preferred alternative HOT project include Sen. Steve Knight, Valley Industry and Commerce Association, Santa Clarita Economic Development Corporation, Building Industry Association, Golden State Gateway Coalition and the Castaic Town Council. A letter was received from the North County Transportation Coalition expressing concerns over policy decisions regarding how the project would be funded and the impact that it would have on other highway projects within Metro's 30 year plan.

Outreach on the various other elements of the ARTI Project has consisted of four meetings with an additional 10 meetings in progress. The SR-71 Gap Closure had a public meeting and a presentation to the Pomona City Council. Press coverage appeared in the Daily Bulletin – Pomona and Metro provided signage and public notices. The City of Pomona and its Mayor have provided letters of support for the project. Valley Village Neighborhood Council voted to support the ARTI Project and Soundwall Package 11. A briefing for Federal and State Legislative Staff was also held on the ARTI Project.

Contract Amendments

Funding for Task Order 5A-1 to Consultant, which covers Task 5 – Procurement for ARTI, has been expended and additional funds are required to enable Consultant to

finish an expanded Scope of Work. Task 5 must be fully funded to enable Consultant to proceed uninterrupted to assist staff with solicitation of a developer for this first PPP project. The not-to-exceed amount for this additional work is \$6.9 million.

The final Consultant activity under Contract 4370-2316 for ARTI is Task 6 – Concession/Contractual Agreements, which requires Consultant to assist LACMTA and Caltrans in negotiations and finalization of deal structure and terms, and development of final concession documents. The not-to-exceed amount for this Task 6 is \$1.8 million.

Since the first Task Order for ARTI work was awarded 10 months ago, Consultant has developed ARTI from a concept of combining six discrete projects into one accelerated contract to the stage we are now at, preparation of a Request for Proposals to solicit a concessionaire for a Design Build Finance Operate and Maintain Public Private Partnership agreement (DBFOM P3). The Consultant efforts have included a comprehensive financial analysis of the individual projects, leading to the determination that if the I-5 component were re-evaluated as a HOT lane, the combined projects could be financially feasible as a PPP package. Development of a preliminary business case followed, an industry forum was held, numerous financial modeling efforts have been undertaken to determine accurate value for money projections and preparation of the public sector comparators, contract technical specifications are being developed for the concession contract and procurement documents are being prepared.

Concurrently, Consultant has maintained a complex project schedule, coordinated closely with FHWA staff, worked with Caltrans staff on a daily basis, prepared all documentation required for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan application and Project Labor Agreement justification and is writing the Business Case for the California Transportation Commission. Procuring ARTI as a PPP concession will enable LACMTA to deliver the six elements of the estimated \$750 million ARTI project from 10 to 15 years ahead of the LRTP schedule at no increased cost to Metro, with a 35 year concession agreement assuring the facility will be maintained in a state of good repair during the full contract term. Staff recommends that LACMTA execute task orders for all remaining work so that the project delivery work can proceed seamlessly, with the goal of reaching financial close in early 2015.

DETERMINATION OF SAFETY IMPACT

The actions requested will have no impact on LACMTA's established safety standards.

FINANCIAL IMPACT

Approval of these recommendations will add \$4,700,000 to FY13 budget and \$3,000,000 to FY14 budget in cost center 2210, New Business Development, under project number 405603. The funding is a part of the total cost estimate for this package of projects, and therefore will not decrease the amount of funds forecasted to be available for other projects in the LRTP and Measure R program.

The full financial impact of the finance strategy for the ARTI Project is still under study. Part of the business case analysis is developing a comparative finance strategy that would utilize LACMTA's existing forms of finance, such as tax exempt bonds or other strategies. Since this is a multi-year project, the cost center manager and Executive Director, Highways Program will maintain responsibility for budgeting costs in future years.

Impact to Budget

The source of funds for ARTI is 48% Proposition C 25%, and 52% Measure R 20% Highway Capital. The Proposition C fund sources will be reimbursed according to the Board adopted policy on reimbursement of Measure R for projects that start before they are eligible for Measure R funds. These funds are not eligible for bus/rail operating or capital expenses.

ALTERNATIVES CONSIDERED

The Board could chose to not adopt HOT lanes on I-5 as the LPA or not authorize the execution of contract modifications. These options are not recommended because (1) the revenue generated by the HOT lane alternative is required for the financial feasibility of ARTI as a PPP project; and (2) authorization is needed for Consultant to continue working on delivery of this important first PPP project to meet our accelerated schedule. Alternatives considered include undertaking a procurement to engage another PPP consultant team to work on these projects or using existing in-house resources to complete all the required technical work. These alternatives are not recommended, as (1) we anticipate it will take at least six months to solicit, select, negotiate and execute a contract with the most qualified, experienced consultant team that is responsive to our solicitation; and (2) we do not have the in-house resources to coordinate the complex work required to deliver ARTI. The FTE for the Highway Department is required to perform necessary project management, coordination with Caltrans, FHWA and stakeholder cities, technical oversight, public engagement and project delivery.

NEXT STEPS

Upon Board approval staff will execute the contract amendments.

Once the business case analysis is complete, the LACMTA Board of Directors and the CTC must act to approve the preferred approach to the building of the Project. We will return to the Board with the results of the analysis and a recommendation on how to proceed.

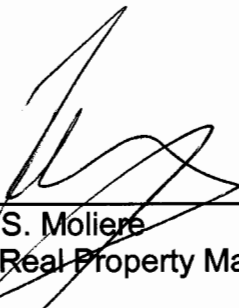
ATTACHMENTS

- A. Procurement Summary
- B. Contract Modification Authority (CMA) Summary

Prepared by: Kathleen Sanchez
Public-Private Partnership Program Manager
(213) 922-2421



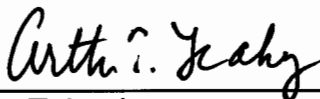
Michelle Lopes Caldwell
Chief Administrative Services Officer



Roger S. Moliere
Chief, Real Property Management and Development



Douglas R. Failing, P.E.
Executive Director, Highway Program



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY

PUBLIC-PRIVATE PARTNERSHIP (PPP) CONSULTING SERVICES

1.	Contract Number: PS4370-2316	
2.	Recommended Vendor: InfraConsult	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input checked="" type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: N/A	
	B. Advertised/Publicized: N/A	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: N/A	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form Submitted to Ethics: N/A	
	G. Protest Period End Date: N/A	
5.	Solicitations Picked up/Downloaded: N/A	Bids/Proposals Received: N/A
6.	Contract Administrator: Samira Baghdikian	Telephone Number: (213) 922-1033
7.	Project Manager: Kathleen Sanchez	Telephone Number: (213) 922-2421

A. Procurement Background

The original solicitation was a qualification-based procurement process. This method is based on each of the responding firm's qualifications being evaluated, and the most qualified firm being selected, followed by a cost proposal from the selected firm.

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 December 30, 2008, LACMTA issued a Request for Proposal (RFP). The proposals were received on April 1, 2009. The proposal evaluation team determined InfraConsult LLC to be most qualified proposer.

On April 23, 2009 the Board approved item #5, Public-Private Partnership Consulting Services, in the firm fixed price amount of \$397,535, 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 LACMTA 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.

On January 28, 2010, the Board authorized the CEO to execute Task Orders 3A and 4A in an amount not to exceed \$11.5 million.

On May 24, 2012, the Board authorized the CEO to add the Highway Goods Movement Package of projects and increased the Contract Modification Authority by \$300,000.

On July 26, 2012, the Board authorized the CEO execute Modification No. 5 for Task 5 to provide PPP consultation services in an amount not-to-exceed \$4.5 million.

On February 28, 2013, the Board authorized the CEO to increase the cumulative Contract Modification Authority (CMA) to \$2,680,067.

B. Evaluation of Proposals/Bids

The consultant’s cost proposal for these modifications will be evaluated in compliance with Metro Acquisition Policy and Procedures. The final negotiated value will be based on the scope of work, Metro’s technical analysis, the applicable labor positions and rates, and fee.

C. Cost/Price Analysis

The final negotiated amount will comply with all requirements of Metro Acquisition Policy and Procedures, including fact-finding, clarifications and cost analysis to determine a fair and reasonable price before the contract modifications are executed. An Independent Cost Estimate (ICE) will be obtained as part of the cost analysis before negotiating the final value and execution of the contract modifications.

Bid/Proposal Amount	Not To Exceed Amount
\$TBD	\$8,700,000

D. Background on Recommended Contractor

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 partnership. 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).

E. Small Business Participation

InfraConsult, LLC has a Disadvantaged Business Enterprise (DBE) commitment of 12.26%. Current DBE participation is 7.79%. Initial tasks included work performed by the DBE subcontractor, but there were additional tasks which had limited applicability to the DBE subcontractor. It is expected that the prime will continue to make ongoing efforts to utilize the listed DBE firm.

SMALL BUSINESS COMMITMENT	DBE 12.26%	SMALL BUSINESS PARTICIPATION	DBE 7.79%
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	DBE Subcontractor	Status	% Committed	Current Participation¹
1.	Sharon Greene & Associates	Performing	12.26%	7.79%
	Total Commitment	Performing	12.26%	7.79%

¹Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

F. All Subcontractors Included with Recommended Contractor’s Proposal

	Subcontractor	Services Provided
1.	KPMG	Financial Advisory
2.	HDR Engineering, Inc.	Planning, Policy, Engineering, Construction Advisory
3.	Nossaman LLP	Legislative and Legal Advisory
4.	Sharon Greene & Associates	Planning and Policy Advisory

CONTRACT MODIFICATION AUTHORITY (CMA) SUMMARY**PUBLIC-PRIVATE PARTNERSHIP (PPP) CONSULTING SERVICES****CONTRACT NO. PS4370-2316****INFRACONSULT, LLC.**

MOD #	DESCRIPTION	VALUE
1	Provide Transitional Services, Database Development and Life Cycle Cost Model Development	\$70,000
2	Provide Scope and Schedule for Tasks 3A and 4A, Life Cycle Cost Model Development, and PPP Education and Outreach	\$90,000
3	Add Six Measure R/LRTP Projects to Task 3A and 4A Tasks	\$11,500,000
4	Add Highway Goods Movement Package	\$300,000
5	Task 5 for PPP Consultation Services	\$4,500,000
6	Modify Task 5A-1 for additional P3 Consultation Services and execute Task 3C-1 for Industry Outreach for Strategic Analysis for the Sepulveda Pass Corridor Project	\$2,000,000
TOTAL VALUE OF MODIFICATIONS		\$18,460,000
TOTAL CMA		\$2,863,519
TOTAL CMA EXPENDED OR COMMITTED		\$2,183,219
CURRENT REMAINING CMA		\$680,300
CMA REQUESTED BY THIS BOARD ACTION		\$1,305,000
CMA REMAINING AFTER THIS BOARD ACTION		\$1,985,300