

High-speed rail board awards \$1.4b contract for construction south of Fresno

Tim Sheehan, Fresno Bee, 1-14-15

The California High-Speed Rail Authority board awarded a \$1.36 billion contract for the design and construction of its second segment of rail line in the central San Joaquin Valley, a 65-mile stretch from American Avenue south of Fresno to the Tulare-Kern county line.

The board, meeting Tuesday morning in Sacramento, voted 7-0 to authorize negotiating a contract with Dragados/Flatiron/Shimmick. The consortium submitted the low bid of \$1.2 billion for the rail segment. The team is comprised of Dragados USA Inc., a wholly-owned subsidiary of Spain's Grupo ACS and Dragados S.A.; Flatiron West Inc. of the Southern California city of San Marcos; and Shimmick Construction Co. of Oakland.

Dragados has 25 years of international high-speed rail experience including 41 different projects totaling more than 630 miles, according to the team's website. Flatiron and Shimmick have expertise on infrastructure projects in California.

The total contract price includes about \$160 million that was not included in the bid but will run through the contractor to Pacific Gas & Electric Co. for utility relocation work.

Dragados/Flatiron/Shimmick offered the lowest of three bids for the work, which engineers had forecast would cost between \$1.5 billion and \$2 billion. The consortium also scored the highest in a state evaluation of its technical ability to perform the work.

"This is a big deal," said Jim Hartnett, the rail board's vice chairman. "This is not just symbolism in a groundbreaking. These are concrete steps to fulfill the vision of high-speed rail in California. ... As technical as some of the contract issues are, and as comprehensive as the process is for evaluating (the bids), we should not lose sight of the true significance of this."

The Dragados/Flatiron/Shimmick bid came in more than \$500 million lower than the next-best bid, submitted by Tutor Perini/Zachry/Parsons, the team that is building the first construction segment between Fresno and Madera. The third bid, from Golden State Rail Partnership, was just under \$2.1 billion.

Board member Richard Frank expressed concern that the Dragados/Flatiron/Shimmick bid came in so far below engineers' estimates. "In a sense that's very good news, but could it also be bad news?" he asked. "To what does staff attribute that disparity?"

Authority CEO Jeff Morales said that all three bidding teams included alternative technical concepts that are likely to result in savings over conventional construction methods. The contractors based their bids on route designs that were about 15% completed. "They took it to 30% and identified opportunities to do things differently and better, and they were allowed to capture those savings in their bid," Morales said.

The authority will pay each of the losing bidders a \$2 million stipend in exchange for ownership of the designs in their bids, so their innovations can be incorporated in future efforts, Morales said. "For \$4 million in stipends, we've obtained over \$600 million in design improvements from the bidders," he said.

Under draft terms of the contract negotiations, the rail agency has until late July to finalize a deal and give

the contracting team a green light to start working — finishing up design and engineering work and then building the 65-mile segment — without any escalation in price. Once the contractor has a notice to proceed, the team has up to four years to complete the work.

The project will include 36 street over- or underpasses, elevated viaducts and bridges, in Fresno, Kings and Tulare counties, said Scott Jarvis, the rail agency's deputy chief program manager.

Two of the rail authority board members, chairman Dan Richard and Katherine Perez-Estolano, excused themselves from the discussion and vote. Richard has done previous consultant work with PG&E, while Estolano-Perez said that her consulting company is exploring the potential of working as part of a team of firms with PG&E in the future.

This is the second of four major construction contracts in the San Joaquin Valley to build what is planned as the "backbone" of a 520-mile route to connect San Francisco and Los Angeles with electric passenger trains traveling at up to 220 mph.

The first contract of about \$1 billion, for a 29-mile section of the route between Fresno and Madera, was awarded in mid-2013. A ceremonial groundbreaking for construction on that portion of the line took place last week in Fresno, led by Gov. Jerry Brown and a cadre of local, state and federal officials.