

# High-speed rail board OKs stipend as carrot for construction bids

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The *losing* bidders in the contest to design and build the second piece of high-speed rail line in the San Joaquin Valley could receive up to \$2 million apiece.

The California High-Speed Rail Authority's board approved the stipend for losing bidders at its meeting Tuesday in Sacramento. The stipend is intended to help companies offset the immense cost of putting together a proposal for [the 60-mile stretch](#) from the south end of Fresno to the Tulare-Kern county line.

Rail authority leaders said Tuesday that the stipends ultimately help it save hundreds of millions of dollars by spurring competition among bidders.

The authority also provided stipends of up to \$2 million to losing bidders last year when it awarded a \$985 million contract for its first construction stage, a 29-mile line from the northeast edge of Madera to American Avenue south of Fresno.

Five teams of contractors are pre-qualified to bid on the Fresno-Kern stretch once the authority issues its formal request for proposals, expected in late March or early April. According to the rail authority's engineering estimates, the contract could be worth between \$1.5 billion and \$2 billion.

Scott Jarvis, the rail agency's assistant chief program manager, said the cost of putting together a bid is well over \$2 million.

Paying a stipend will also give the rail agency ownership of the intellectual property contained in the losing bid packages, Jarvis said. "With a stipend, we essentially own the ideas in the proposals after they are submitted," he told the board.

No deadline has been set for when construction teams must submit their bids, but it is expected that it will be sometime this summer, a rail authority spokesperson said. Jarvis said the contract will be awarded next winter.

The work will include embankments, bridges, tunnels, street overpasses and the railbed -- "everything except the track work itself" and the crushed-rock ballast on which steel tracks would eventually be laid, Jarvis said.

The anticipated route for the bullet-train between Fresno and the outskirts of Bakersfield has yet to be set in stone, awaiting final approval of an environmental report for the Fresno-Bakersfield section. The rail board expects to consider approving that report at a two-day meeting next month in Fresno. But the proposed line generally follows the Burlington Northern Santa Fe freight railroad line south of Fresno, swinging eastward to bypass Hanford and with bypasses to go around Corcoran in Kings County and Allensworth in Tulare County.

Authority staff will evaluate the bids "to determine the team offering the best overall value," based on a scoring formula that factors technical capacity at 30% and price at 70%, Jarvis said.

Dan Richard, the rail board's chairman, said he believes providing stipends helped keep bidding teams involved in the Madera-Fresno construction segment for which a contract was awarded last fall. By keeping more bidders in the running, he said stipends encouraged greater innovation and competition among the contractors.

Richard noted that the winning bid by the consortium of Tutor Perini Corp. of Sylmar, Zachry Construction of Texas and Pasadena-based Parsons Corp. came in well below engineering estimates that ranged from \$1.2 billion to \$1.8 billion, and credited stipends with "saving us hundreds of millions of dollars."

## **The bidders**

Five teams of contractors are pre-qualified to bid on the Fresno-Kern construction package:

- A consortium made up of Tutor Perini Corp. of Sylmar, Zachry Construction of Texas and Pasadena-based Parsons Corp.
- California Rail Builders, a joint venture composed of Ferrovial Agroman U.S. Corp. and Granite Construction. Ferrovial is an American subsidiary of Ferrovial S.A., a Spanish company, while Granite Construction is a California company headquartered in Watsonville.
- Dragados/Flatiron/Shimmick, a consortium that includes Dragados USA Inc., a subsidiary of Grupo ACS and Dragados S.A. of Spain; Flatiron West Inc. of San Marcos; and Shimmick Construction Co. of Oakland.
- Golden State Rail Partnership, composed of OHL USA Inc., a subsidiary of Spain's Obrascón Huarte Lain S.A., and Samsung E&C America Inc., a U.S. subsidiary of South Korea's Samsung Group.
- Skanska-Ames Joint Venture, a team that includes Skanska USA Civil West California District Inc., a subsidiary of Sweden's Skanska, and Minnesota-based Ames Construction Inc.

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