

Winning bid for next piece of high-speed rail comes in under cost

By Tim Sheehan



An artist rendering shows a high-speed rail train pulling into a station. SPECIAL TO THE BEE

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The apparent winning bid to build the second section of high-speed rail in the central San Joaquin Valley was announced Thursday — and it came in under the state’s original cost estimate.

Dragados/Flatiron/Shimmick submitted a bid of \$1.23 billion to design and build the 65-mile stretch from the south end of Fresno to near the Tulare-Kern county line and was deemed the “apparent best value” bidder by the [California High-Speed Rail Authority](#).

Winning bid
A trio of contracting companies teamed up to make the apparent winning bid of \$1.23 billion to build a 65-mile stretch of high-speed rail in the San Joaquin Valley south of Fresno.



The consortium includes Dragados USA Inc., a subsidiary of Spain’s Grupo ACS and Dragados S.A.; Flatiron West Inc. of San Marcos; and Shimmick Construction Co. of Oakland. Their bid came well below the range of \$1.5 billion to \$2 billion that was forecast by engineers and consultants working for the rail authority.

The other two bids were:

- \$1.74 billion from [Tutor Perini/Zachry/Parsons](#), a joint venture comprising Tutor Perini Corp. of Sylmar, Zachry Construction of Texas, and Parsons Corp. of Pasadena. The Tutor Perini/Zachry/Parsons team won the first construction contract, 29 miles from the northeast edge of Madera to the south end of Fresno, with a bid of just under \$1 billion. That contract was awarded last year.
- \$2.07 billion from [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.

All three teams submitted their bids at the end of October; in the intervening six weeks, the proposals were evaluated on the technical merits before the price portion of their bids were unsealed. In the scoring and ranking of the bids, the teams' technical ability and understanding of the project was weighted at 30% of the score, while cost represented 70% of the ranking.

The [Dragados/Flatiron/Shimmick](#) team received the highest ranking on the technical side of the equation with a score of 26.67 out of 30 points. Its cost component earned 70 points, giving the firms a combined score of 96.67 out of 100.

The other teams were close in the technical scores, according to the rail authority's announcement. Tutor Perini/Zachry/Parsons received a score of 26.61 in technical merit, while Golden State Rail Partnership's technical score was 25.47. But the price components of the competing bids fell short of the winning bid: 49.68 points for Tutor Perini/Zachry/Parsons, giving the team a total score of 76.29; and 41.84 for Golden State and a total score of 67.31.

"Today is a significant milestone as we continue building the nation's first high-speed rail system," said Jeff Morales, the rail authority's CEO. "The proposals underscore the value of world-class competition and the design-build approach to deliver high-speed rail in California."

The winning bid could be presented to the rail authority's board and a contract awarded as early as next month. If approved by the board, the Dragados/Flatiron/Shimmick team would be responsible for designing [the rail route](#) and building the basic structure of the line up to the railbed. The work also includes about 36 related structures such as road over- and underpasses and elevated bridges or viaducts.

The [Dragados-Flatiron-Shimmick website](#) indicates that the Spanish company has been involved in construction of 41 high-speed rail projects around the world over the past 25 years, building more than 630 miles of routes on those lines. Dragados says its partners, Flatiron and Shimmick, have "extensive California construction experience and past success delivering major design-build projects throughout the United States."

Also part of the team are Pasadena-based Jacobs Engineering Group Inc., the lead designers for the project, and Sener Group, a Spanish engineering consulting firm that has been involved in design and construction supervision for more than 1,000 miles of high-speed rail line in Europe and elsewhere in the world.

Before April, the rail agency had deemed five would-be construction teams eligible to bid on the project based on their qualifications. But between April, when the board officially issued its request for bids, and October, two of the teams withdrew from the competition. California Rail Builders, a joint venture comprising Spanish-based Ferrovial Agroman and Granite Construction of Watsonville, said in a letter to the rail authority that "the number of bidders ... resulted in problems moving forward on the project." Skanska-Ames, a team made up of a subsidiary of Sweden's Skanska and Minnesota-based Ames Construction, said its withdrawal was "based on internal business decisions and strategy and not a reflection on the (rail) authority or the project."

Last month, the rail authority asked contractors to submit qualifications for [yet another construction segment](#), about 30 miles picking up just north of the Tulare-Kern county line, running through the Kern County communities of Wasco and Shafter to Galpin Street at the the northwestern fringe of Bakersfield. It is not clear when the agency expects to ask for formal bids or award a contract.

A final construction package in the Valley would include building the railbed and laying down the steel tracks for the entire length of the route between Madera and Bakersfield.

Even if the rail authority board awards a contract in January, the agency still has much work ahead before the contractors can commence construction. The route between American Avenue south of Fresno and the Tulare-Kern county line will require the authority to acquire 539 pieces of property, either in whole or in part. Scott Jarvis, the agency's deputy chief program manager, reported to the rail board last month that appraisals had been completed for 258 of the parcels. As of last week, initial written offers had been made to 115 landowners, said Lisa Marie Alley, a spokeswoman for the authority.

Purchasing the needed property, however, is not likely to be either fast or easy. Property owners in Kings County are among those already suing the rail authority over its plans. In one case, the county's Board of Supervisors and other plaintiffs allege that the system will not be able to fulfill the operational or financial requirements of Proposition 1A, the \$9.9 billion high-speed rail bond measure approved by California voters in 2008. In another, the county is accusing the agency of violating the California Environmental Quality Act by failing to adequately evaluating the environmental, economic and social effects of the Fresno-Bakersfield portion of the route on homes, farms, businesses and communities in Fresno, Kings, Tulare and Kern counties.

Similar issues have plagued the [Madera-Fresno section](#), for which a construction contract was awarded last year. Of the 525 parcels on that stretch of the line, the rail authority had secured title to fewer than 100 as of this month. The state has so far taken steps toward condemnation or eminent domain for 46 parcels in the Madera-Fresno section, and the state Public Works Board in Sacramento is expected to consider almost 40 more condemnations Friday. And while Tutor Perini/Zachry/Parsons and their subcontractors have begun to demolish structures and clear parcels that have been delivered for work, substantial construction has yet to commence.

The delays in property acquisition and construction have been identified as a risk to the project because of deadlines associated with more than \$3 billion in federal transportation and stimulus grants from the Obama administration for work in the Valley. That money must be fully spent by Sept. 30, 2017, and matched with almost \$3 billion more in state funding. That means the agency and its contractors have less than three years to substantially complete their work on what is supposed to be the backbone of a 520-mile system connecting San Francisco and Los Angeles, by way of the Valley, by the mid-2020s with electric-powered trains traveling at speeds up to 220 mph.

The authority estimates the cost of the San Francisco-Los Angeles line at about \$68 billion. A second phase of the system would extend high-speed service to Sacramento and to San Diego, but no schedule or cost estimates have been set forth for those extensions.

Contact Tim Sheehan: tsheehan@fresnobee.com, (559) 441-6319 or [@TimSheehanNews](https://twitter.com/TimSheehanNews) on Twitter.

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