



**ITEM ID:** 2025-271-0

**TRANSMITTAL DATE:** October 17, 2025

**MEETING DATE:** October 24, 2025

**TO:** Board of Directors

**FROM:** Justin Fornelli, Chief, Program Delivery

**SUBJECT:** Contract No. EP245-25 - MP36 Locomotive Service Life Extension and Repair - Recommendation to Award - Higher Power Industries (HPI)

### **Issue**

In an effort to provide robust service for the 2028 Olympic and Paralympic Games and ensure a general state of good repair for the Authority's rolling stock fleet, the Authority intends to repair and overhaul four (4) out-of-service MP36 locomotives as a base order with this contract. In addition, the Authority may choose to overhaul up to eleven (11) additional in-service MP36 locomotives as an option order with this contract. In order to ensure effective use of public funds, overall fleet planning (including any potential new locomotive procurement) would be taken into consideration before exercising any life-extension overhaul options.

### **Recommendation**

Contracts, Operations, Maintenance, and Safety Committee recommended (3-0) the Board authorize the Chief Executive Officer to negotiate and execute Contract No. EP245-25 for MP36 Locomotive Service Life Extension and Repair, to Higher Power Industries (HPI) in the amount of \$31,337,683.95 (\$9,342,064.42 for the base order of 4 locomotives and \$21,995,619.53 for an option order of up to 11 locomotives) plus 20% contingency in the amount of \$6,267,536.79 (\$1,868,412.88 for the base and \$4,399,123.91 combined for the Option) for total contract authorization amount, not-to-exceed \$37,605,220.74. This award is subject to resolution of any timely filed protests.

### **Strategic Commitment**

This report aligns with the Strategic Business Plan Commitments of:

- **Safety is Foundational:** We will stay on the leading edge by deploying new technologies and processes to enhance the safety and security of our riders, our fellow employees, and the communities we serve. This project will overhaul locomotives that are currently out-of-service, returning them to a condition safe for operation of revenue service.
- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to bring them on board. This project will provide more available equipment to support 2028 LA Olympic and Paralympic Games.

## **Background**

The Authority owns a total of 60 locomotives, 15 of which are Tier 2 MP36 PH locomotives that were delivered in 2008 and 2009. Of the 15 MP36 locomotives, 4 are currently out-of-service (OOS) due to deferred maintenance and multiple component parts that are obsolete and no longer available. The remaining 11 MP36 locomotives that are currently in service are overdue for a mid-life overhaul to ensure reliable service.

The Authority is also pursuing grant opportunities to fund the replacement of up to 12 of these Tier 2 MP36 locomotives with new Tier 4 locomotives. Assuming that funding is secured and agreements with the grantors are executed in timely manner, the Authority's estimated delivery timeline to receive new Tier 4 locomotives spans from mid-2030 to early-2032. Until the new Tier 4 locomotives are received, the existing Tier 2 locomotives will be needed to provide reliable service, necessitating that they are in a state of good repair.

As one of the key rehabilitation projects in the Olympic Readiness Program, this contract will support the repair and overhaul the 4 OOS MP36 locomotives as a base order with an option to overhaul up to 11 additional MP36 locomotives. The primary intent is to return the 4 OOS locomotives to service to support the 2028 Olympic and Paralympic Games with maximum number of available locomotives to provide the most robust service possible. The inclusion of an option order to complete the overhaul of the remaining 11 MP36 locomotives provides flexibility to the Authority to ensure that the MP36 fleet operates reliably until the new Tier 4 locomotives are procured and delivered. In order to ensure effective use of public funds, prior to exercising any life-extension overhaul options, overall fleet planning will be considered, including an assessment of each individual locomotive condition.

## **Discussion**

On October 10, 2024, the Authority issued Request for Proposals (RFP) No. EP245-25 for the Service Life Extension and repair of the MP36 locomotives. The RFP was posted on the Authority's online procurement portal and notifications were sent to 1513 registered firms. The Authority also advertised the RFP in publications in the five member counties and in diversity newspapers. Forty-three prospective proposers viewed the RFP on the procurement portal, of those only fifteen are classified as primes, the other twenty-eight are classified as sub-contractors or suppliers. Four prospective proposers attended the virtual Pre-Proposal

Conference held on October 15, 2024, and three firms attended the 2-day job walk on October 23 & 24, 2024. The Authority received and answered 73 questions.

The Authority received a single proposal from HPI by the submission date of February 20, 2025. Staff completed post-solicitation research of prospective proposers. It was concluded that they lacked sufficient capacity and expertise to execute the project.

Negotiations with HPI began on August 19, 2025, to review the project assumptions, availability of parts, the aggressive project schedule, and possible risks. During negotiation discussions the obsolescence of parts and equipment for two major systems was identified as a major risk. As a result, HPI proposed changes to address these risks, which required additional work.

The final proposed price is above the independent cost estimate (ICE) as shown in the table below:

Independent Cost Estimate	\$24,080,059.70
Final Proposed Price	\$31,337,683.95
+/-	30.14%

After reviewing the various factors and related risks to this contract the total of \$31,337,683.95 for the repair and service life extension of 15 locomotives was found to be fair and reasonable - \$9,342,064.42 for the base order of 4 locomotives and \$21,995,619.53 for the option orders of 11 locomotives. This Contract is federally funded with a DBE goal of 3.0% which HPI is required to meet.

Due to the nature of the work, Staff has included a contingency of 20% to cover out-of-scope repairs, resulting in a total not-to-exceed contract authorization amount of \$37,605,220.74.

**Budget Impact**

Contract amount for base order is \$9,342,064.42, plus 20% contingency, a total of \$11,210,477.30. The base order is included in FY23, FY24 and FY25 Capital Budgets adopted by the SCRRA Board of Directors, which totals \$11,952,000 in available budget for this contract.

Capital Budget for the option orders will be requested in future fiscal year Capital Budget cycles as needed. No funds will be spent without prior budget approval.

**Next Steps**

Upon Board approval of the recommendation, Staff will execute a contract with HPI and issue a Notice to Proceed.

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