



ITEM ID: 2025-294-0

TRANSMITTAL DATE: September 19, 2025

MEETING DATE: September 26, 2025

TO: Board of Directors

FROM: Donald Filippi, Chief Operating Officer
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SUBJECT: Contract No. MS289-22 -Track and Signal Infrastructure Maintenance and Support Services - Herzog Contracting Corporation - Exercise Option and Increase Contract Authority for On-Call Work Directives

Issue

To continue track and signal infrastructure maintenance and support services, the Authority needs to exercise the existing option for Contract No. MS289-22 with Herzog Contracting Corp (Herzog). The Contract's base term expires on June 30, 2026, with a single 3-year option to extend the term to June 30, 2029.

Exercising the Contract option is needed to:

- Inspect, test, report, and maintain the track, structures and right-of-way and maintenance of wayside Train Control, Communications, Signals Systems; and
- Ensure the railroad infrastructure is inspected and maintained in accordance with FRA rules and regulations, California Public Utilities Commission (CPUC) requirements, and Authority standards; and
- Perform and support other project work through the on-call Work Directives to support capital, rehabilitation, third-party projects, as well as emergency response or other operational incidents occurring on the railroad right-of-way.

For on-call Work Directives, approximately \$9,670,358 remains in contract authority with one year remaining on the base period of the Contract. By requesting to extend the contract term, the Authority will need to increase the available contract authority for on-call Work Directives to continue to provide support for capital, state of good repair, third-party projects, and emergency response along the railroad right-of-way by a forecasted amount of \$75,000,000.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to:

1. Exercise the option for Contract MS289-22 to extend the Period of Performance from July 1, 2026, to June 30, 2029; and
2. Increase Contract Authority for On-Call Work Directives by \$75,000,000 to cover the performance period in the requested Contract option, bringing the current total of \$102,270,996 to a new not-to-exceed amount of \$177,270,996.

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. Contract MS289-22 ensures frequent and required inspection and maintenance of the Authority's track and signal infrastructure to ensure it is in a state of good repair. Best practice industry processes and technologies for the inspection, repair and associate support services have been adopted to ensure that the track and signal infrastructure allows trains to operate safely and efficiently as practical.
- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Operational efficiencies for both the Contractor as well as the Authority has been streamlined as a result of this bundled track and signal contract with enhanced controls and contract oversight.

Background

On February 26, 2021, the Board awarded Contract No. MS289-22 for Track and Signal Infrastructure Maintenance and Support Services to Herzog for a base period of five years (July 1, 2021, to June 30, 2026) with a single three-year option (July 1, 2026, to June 30, 2029, if exercised).

This contract ensures the railroad infrastructure is inspected and maintained in accordance with FRA rules and regulations, CPUC requirements, and Authority standards. In addition, it provides support for capital, rehabilitation, and third-party projects, support for Track and Signal Maintenance, as well as emergency response or other operational incidences occurring on the railroad right-of-way. This contract also includes provisions to perform and support other project work through the Work Directives process.

On June 25, 2021, the Board approved the contract authority for On-Call Work Directives for the full five-year base term of the contract in an amount not-to-exceed \$45,000,000. Work Directives are funded via new capital, rehabilitation, and third-party projects that could span multiple years and would only be authorized once funding is approved and available through their own budgetary constraints and controls that are outside of the Annual Operating Budget.

Herzog would be authorized to work on such projects through the Work Directive process. On June 23, 2023, the Board authorized the increase of the contract authority for Work Directives by \$57,270,996, for a new not-to-exceed amount of \$102,270,996.

Discussion

Herzog, under Base Maintenance services, performs track and signal infrastructure maintenance in a safe, reliable, affordable, efficient, customer-centric manner and in conformance with the Contract requirements. The Base Maintenance services include the inspection, testing, reporting, management, replacement and repairs of the track and signal infrastructure on the Authority's maintained Service Property in accordance with the requirements of the Contract Scope of Services. The Base Maintenance services, along with On-Call Work Directive support, under Contract MS289-22 will terminate on June 30, 2026, if not extended.

Over the past five years, Herzog has demonstrated the ability, desire, and passion to put safety first in all aspects of their work, continue delivering quality results for the Authority, unwavering support on Authority needs and requests, and continued commitment to improve over time. Herzog has demonstrated its dedication to resolving shortfalls, performing track and infrastructure maintenance over 500 miles of track. Its support to address trouble calls around the clock has shown itself to be at the highest level with track and signal issues resulting in very minimal delays and contributing to on-time performance of the Metrolink service territory. Over the course of the past five years, Herzog and the Authority have built a relationship that has allowed for synergies and efficiencies to be developed for improved performance, safety oversight, and regulatory compliance requirements throughout the Authority's vast territory. Budget adherence has also been one of the key points of success, understanding the Authority's needs and adjusting where needed, which has allowed the Authority to stay within department budget. This extension request comes at a time when the Authority is about to experience some of the highest ridership and expectations for on-time performance it has ever faced and continuing to build on Agency - Contractor synergy has never been more needed. Exercising the three-year Contract option is recommended for the following reasons:

1. **Proven Performance:** Herzog has consistently met or exceeded contract performance requirements related to safety, reliability, and regulatory compliance. Herzog has demonstrated consistent performance throughout the base term, maintaining safety-critical infrastructure, responding to incidents and callouts to support operations, and supported on-call projects and emergencies. Their familiarity and experience with Metrolink's track, signal, crossing, right-of-way, communications, structures, and Positive Train Control systems enables seamless service delivery and avoids the risks and inefficiencies associated with transitioning to a new vendor. Their familiarity with Metrolink's infrastructure supports continuity and efficiency. Herzog's ability to respond to operational needs and emergencies puts them in a position to meet the agencies needs in a timely and responsive manner, such as the multiple landslides that Metrolink experienced in the San Clemente area where Herzog was tasked to rebuild multiple failed slopes. Herzog was able to perform these emergency responses with zero rule violations and injuries as well as deliver a high-quality product on time and within budget.
2. **Operational Continuity and Cost Stability:** Renewing this contract option ensures continuity of maintenance operations without service disruption, avoiding potential

mobilization delays, cost overruns, or gaps in institutional knowledge during a period of time where Metrolink is reimagining its service across Southern California and preparing for major events such as the FIFA World Cup and 2028 Olympics and Paralympic Games.

3. **Leveraging Synergies and Long-Term System Integration:** The continued partnership with Herzog allows the Authority to further align maintenance strategies with other system initiatives, including capital improvements, state-of-good-repair programs, and the roll-out of advanced technologies such as PTC (Positive Train Control) enhancements, asset condition monitoring, and data-driven maintenance planning. Herzog's embedded field staff and centralized maintenance coordination with the Authority's operations promote integrated responses and optimized resource deployment, helping Metrolink achieve increased lifecycle value and reliability of its infrastructure.
4. **Readiness for Mega-Events: FIFA World Cup and 2028 Olympic & Paralympic Games:** Southern California will serve as a global transportation hub during the 2026 FIFA World Cup and the 2028 Olympic and Paralympic Games. Exercising this option ensures the Authority's infrastructure is maintained at the highest standards as it prepares for increased ridership, special event service overlays, and coordination with other regional transit agencies. Having Herzog in place through these key preparation years ensures stable and experienced maintenance support as the Authority executes infrastructure readiness initiatives and supports multi-agency planning and delivery efforts for these events.
5. **Strategic Timing:** Exercising the option now allows time for a competitive procurement process to begin for a subsequent long-term contract, without affecting current operations and upcoming major event planning.

Budget Impact

Funding for the additional option years beyond FY26, for Base Maintenance and On-Call Work Directives, will be requested through the annual budget or an equivalent process in subsequent years. There is no financial commitment with respect to subsequent years and work will be authorized only if funding is approved.

Next Steps

Upon Board approval, the Chief Executive Officer will exercise the Option to extend Contract No. MS289-22.

Prepared by: Tim Morehead, Director, Track & Signal Infrastructure Maintenance

Approved by: Donald Filippi, Chief Operating Officer