

TRANSPORTATION & JOBS FOR AMERICA PROJECT

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APTA Legal Affairs Seminar
Procurement Workshop



Who Is Involved?

**Los Angeles Alliance for a New Economy (LAANE)
Brookings Institution
University of Southern California
University of Massachusetts, Amherst
University of Missouri, St. Louis
University of Illinois, Chicago**

Funders:

**Surdna Foundation
Living Cities
Ford Foundation**



Why this project?

Opportunity



- **Billions** currently allocated for rolling stock procurement
- Unemployment & poverty still high, opportunity to create **good manufacturing jobs** in the most disadvantaged communities
- Most purchases will **include federal funds**



Challenge :

How to incorporate U.S. job creation and economic development incentives into federally funded rolling stock procurements:



Federal rules restrict “unreasonable” requirements:



49 CFR part 18, Section 18.36:

(c) Competition.

(1) all procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of section 18.36. Some of the situations considered to be restrictive of competition include...

(i) placing unreasonable requirements on firms in order for them to qualify to do business.....(emphasis added)



Geographic preferences prohibited:

- 49 CFR part 18, Section 18.36:

(c) Competition.

(2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed **in-state or local geographical preferences** in the evaluation of bids or proposals...(emphasis added)



Miami

Local contract shows the danger of the FTA

NOVEMBER 13, 2012

BY: PIERRE-ALEXANDRE CREVAUX



Miami-Dade County is a very diverse and large region that makes up most of the reputation of South Florida. It includes the rich Indian Creek, the professional Brickell, the traditional Homestead, and, of course, the famous Miami Beach. Life can be easy there, if one owns a car to move through such a large county. Those that do not have to rely on a public transportation system that gives unreliable schedules, poor services, and leaves some places in the area unreachable.

The County administration has been trying to reform the system for quite some time, creating additional bus and rail lines, and replacing old facilities with new ones. The question of whether a privatized public transportation system would work better is not the issue here, even though it is a matter to look at. What is more important here is the fact that even in the matter of providing better services, the federal government will have a word to say.

The alleged crime that the Federal Transit Administration is blaming on Miami-Dade is a contract between the county and AnsaldoBreda, an Italian company contracted to build 136 new rail cars at a cost of \$313 million. Besides the inflated cost of \$2.3 million per car, nothing seems really wrong with this contract that will bring about wagons with LED lighting, cleaner insides, and Wi-Fi hotspots.

Feds: Miami-Dade Broke Rules In Choosing New Metrorail Trains



First Posted: 11/29/2011 10:47 pm Updated: 01/29/2012 4:12 am

Miami Herald:

Federal regulators say Miami-Dade County violated federal rules in selecting a supplier for new Metrorail trains, making the \$300-million mega-deal ineligible for federal funding unless the county reevaluates the bids under proper guidelines.

The county's latest error caps a year-long debacle in which federal regulators took the extraordinary step of suspending grant payments to the Miami-Dade Transit Agency because of concerns about its sloppy financial controls and its failure to follow federal procurement procedures.

Why isn't Buy America enough?

- Only 60% of component parts must be made in U.S.
- Bidders value own component parts: “open secret” that foreign-made parts valued low
- No ability to incentivize good jobs, hiring of disadvantaged workers, workforce training.



Solution:

U.S. Employment Plan:

- **Piloted by LA Metro in 2011**
- **Approved by FTA for use by LA**
- **Best value procurements only**
- **Updated "Model" version submitted to DOT in December, 2012**



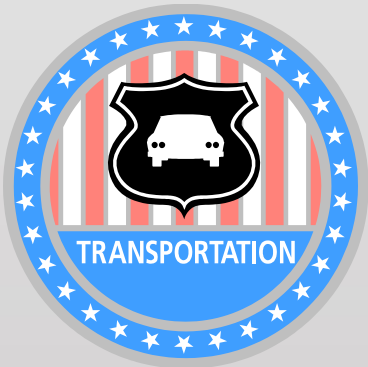
How does it work?

STEP 1:

Bidders on rolling stock procurements must create U.S. Employment Plan

Responsive plans must include:

- Outreach & recruitment plans
- Workforce training plans
- Description of jobs on contract
- Compensation & Benefits
- Specific commitment to assembly site
- No minimum labor standards or funding required (other than legal requirements)



How does it work?

STEP 2:

Price adjustment: *Voluntary for bidders*

U.S.
Employment
Plan
Workbook:

- Calculate labor cost: wages, benefits & training costs for US workers
- Disadvantaged worker credit
- Facilities investment credit
- Total deducted from proposed price for evaluation purposes only



QUESTIONS & ANSWERS

