

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION NO. 210406-043

WHEREAS, The SFMTA's Central Subway Project, which is Phase 2 of the Third Street Light Rail Project, is constructing a new subway line in San Francisco, which runs approximately 1.6 miles from 4th and Brannan Streets, north under Fourth Street to Stockton Street, and north under Stockton Street into Chinatown; and,

WHEREAS, The Advanced Train Control System (ATCS) is a specialized and proprietary system that controls light rail vehicle movement, speed, headway and braking in the subway was first supplied to the SFMTA by Thales (formerly Alcatel Transport Automation (U.S.) Inc.) under San Francisco Municipal Railway contract MR-1034R, dated August 10, 1992, as modified by Thales under multiple subsequent contracts with the SFMTA; and,

WHEREAS, On December 3, 2013, the SFMTA Board awarded the Agreement between the City and County of San Francisco and Thales Transport & Security, Inc. for Design Review, Software, Implementation and Testing Services for an Advanced Train Control System for the Central Subway Project with Thales Transport & Security Inc., Contract No. 1266-2, (Contract No. 1266-2) by which Thales would review of existing ATCS designs, perform final ATCS engineering and designs, and provide as-needed oversight, inspection of ATCS infrastructure and equipment installation, and testing services to support ATCS installation and implementation for the Central Subway for an amount not-to-exceed \$21,363,292, with a term to run three years beyond substantial completion of Central Subway construction (SFMTA Bd. Res. 13-260); and,

WHEREAS, The ATCS must operate as a single integrated system between the new Central Subway and the Existing ATCS that services the SFMTA's subway operations in the Market Street tunnels. Due to the proprietary nature of the ATCS, no vendor other than Thales can provide the SFMTA necessary ATCS proprietary equipment, software, design review and implementation services for the Central Subway, and this Contract 1266-2 is necessarily therefore a sole source contract; and,

WHEREAS, HNTB-B&C Joint Venture, the Central Subway trackway and systems designer, under Contract CS-155-3, provided preliminary Central Subway ATCS designs; and,

WHEREAS, The SFMTA procured certain proprietary ATCS equipment under SFMTA Contract 1266-1, a separate agreement with Thales; and,

WHEREAS, The ATCS infrastructure has been constructed and installed in the Central Subway by Tutor Perini Corporation (Tutor), the general contractor engaged by the SFMTA to construct the stations, trackways and systems under Contract 1300; and,

WHEREAS, Approval for this Implementation Contract was obtained under Civil Service Commission Notice of Action for Contract No. 1266-2 on December 2, 2013; and,

WHEREAS, As planned, on July 7, 2014, the SFMTA assigned Contract 1266-2 to the Central Subway construction contractor, Tutor, so that Thales would be a subcontractor to Tutor under Contract No. CS-1300, but that arrangement proved to be unworkable, and the City on February 28, 2019 exercised its rights under Contract 1300 to re-assign Contract 1266-2 back to the SFMTA, so that Thales will provide ATCS equipment, software and related services directly to the City to implement the ATCS for the Central Subway; and,

WHEREAS, This Contract 1266-2 has previously been amended twice: Contract Modification No. 1, dated December 3, 2019, affirmed the reassignment of the contract back to the SFMTA from Tutor; Contract Modification No. 2, dated February 19, 2021, corrected the contract language to clarify the contractual relationship between Thales and the SFMTA, and to modify the scope of work, which increased the Contract Amount \$589,342.80; and,

WHEREAS, This Third Modification to Contract 1266-2 will (1) apply design changes to automate train movements in accordance with NFPA 130 Tunnel Ventilation requirements; (2) apply corrected track speeds according to TC-Series drawings (3) apply the final stationing of installed wayside equipment (4) reduce the number of Portal Intrusion Devices; (5) provide two independent circuits for Platform Emergency Stop Buttons; and (6) rearrange equipment in CTS Train Control Room to accommodate separate LSMC and ACE racks, and accelerate implementation of ATCS Substantial Completion so that the ATCS will be fully safety certified and ready to be placed in revenue service on or before April 29, 2022; and,

WHEREAS, This Third Modification to Contract 1266-2 compensates Thales \$12,831,743.60, which amount includes \$10,340,349.60 for performance of additional work and to accelerate completion of remaining ATCS work, and \$2,491,394 to compensate Thales for costs and impacts it incurred due to Central Subway Project construction delays, for a modified Contract Amount of \$27,730,300.40; and,

WHEREAS, This Third Modification to Contract 1266-2 will extend the term of the Contract 670 calendar days, so that ATCS Substantial Completion will be achieved on or before April 29, 2022, at which point the ATCS will be ready for revenue service, and the term of the Contract will then extend an additional three years of Warranty Period; and,

WHEREAS, In light of the SFMTA's intention to commence final testing on or before April 29, 2022 and commence revenue service in the Summer of 2022, Modification No. 3 requires Thales to pay the SFMTA liquidated damages of \$15,000 per calendar day for each day of delay to completing the ATCS after May 1, 2022, and \$50,000 per calendar day of delay after July 31, 2022, where Thales is solely responsible for such delay; and,

WHEREAS, The SFMTA's Contract Compliance Office has previously determined that due to the proprietary nature of the ATCS, there are no subcontracting opportunities for Small Business Enterprises under Contract 1266-2; and,

WHEREAS, The Central Subway Final Supplemental Environmental Impact Statement/Supplemental Environmental Impact Report (Central Subway SEIS/SEIR) evaluated the environmental impacts of the Central Subway Project, including construction of the subway stations; on August 7, 2008, the San Francisco Planning Commission certified the Final SEIR (Case No. 1996.281E); on August 19, 2008, the SFMTA Board of Directors approved Resolution 08-150 adopting Central Subway Project Alternative 3B as the Locally Preferred Alternative, the California Environmental Quality Act (CEQA) Findings, Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Plan; and,

WHEREAS, The modification to Contract No. 1266-2 described herein comes within the scope of the Central Subway SEIS/SEIR; and,

WHEREAS, The Central Subway SEIS/SEIR is on file with the SFMTA Board of Directors and may be found in the records of the Planning Department at <https://sfplanning.org/> and 49 South Van Ness Avenue, Suite 1400 in San Francisco, and is incorporated herein by reference; now therefore, be it

RESOLVED, That the SFMTA Board has reviewed and considered the Central Subway Supplemental Environmental Impact Statement/Supplemental Environmental Impact Report and record as a whole, and finds that the Central Subway Supplemental Environmental Impact Statement/Supplemental Environmental Impact Report is adequate for the Board's use as the decision-making body for the actions taken herein relative to construction of the Project, and incorporates the California Environmental Quality Act (CEQA) findings by this reference as though set forth in this Resolution; and be it

RESOLVED, That the SFMTA Board of Directors approves Modification No. 3 to Contract CN 1266-2, Design Review, Software, Implementation and Testing Services for an Advanced Train Control System (ATCS) for the Central Subway Project, with Thales Transport & Security Inc., to modify ATCS software and designs to conform to national fire codes, correct track speed limits, modify installation requirements, accelerate completion of work, and compensate Thales for costs and impacts it incurred arising from delay to the Project, increasing the contract amount by \$12,831,743.60 for a contract amount not to exceed \$27,730,300.40; extending the substantial completion by 670 days to April 29, 2022, and extending the contract warranty period to April 29, 2025; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors requests that the Board of Supervisors approve Contract Modification No. 3; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation, in consultation with the City Attorney, to take such action as the Director deems necessary to effect the intent and purposes of this Resolution.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 6, 2021.



---

Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency