

THIS PRINT COVERS CALENDAR ITEM NO.: 10.4

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Transit

BRIEF DESCRIPTION:

Authorizing the Director of Transportation to execute Amendment Three to Contract No. APT 591-01, Light Rail Vehicle Doors and Steps Reconditioning and Systems Rehabilitation, with Hitachi Rail USA Inc. (formerly known as AnsaldoBreda Inc.), to allow the SFMTA, at its discretion, to determine how many light rail vehicles to supply to the contractor for rehabilitation at any one time; to retroactively extend the contract term for one year, to October 18, 2017; to reallocate unused contract funds; and to remove unused, expired options.

SUMMARY:

- On October 29, 2009, the City and Hitachi Rail USA (Contractor) entered into Contract No. APT 591-01 for reconditioning the doors and steps and rehabilitating other systems in 143 light rail vehicles (LRVs), for a total contract amount not to exceed \$56,752,554, and for a term of five years.
- There have been two contract amendments, cumulatively increasing the contract amount to \$68,749,421, and extending the contract to October 18, 2016.
- The contract provides for five LRVs to be out of service at a time for rehabilitation, but because of service demands, the SFMTA has only been able to commit three at a time. This limited availability of LRVs has slowed the production line, necessitating a one-year time extension to October 18, 2017.
- There are \$211,154 in unused contract funds that will be reallocated to cover unforeseen mechanical conditions.

ENCLOSURES:

1. SFMTA Board Resolution
2. Contract Modification

APPROVALS:

DATE

DIRECTOR _____

3/9/17

SECRETARY R. Boomer _____

3/9/17

ASSIGNED SFMTAB CALENDAR DATE: March 21, 2017

PURPOSE:

The purpose of this calendar item is to request authorization for the Director of Transportation to execute Amendment Three to Contract No. APT 591-01 - LRV Doors and Steps Reconditioning and Systems Rehabilitation with Hitachi Rail USA, to allow the SFMTA, at its discretion, to determine how many LRVs to supply to the contractor for rehabilitation at any one time; to extend, retroactively, the contract term one year, to October 18, 2017; to reallocate unused contract funds; and to remove unused, expired options.

STRATEGIC PLAN GOALS AND TRANSIT FIRST PRINCIPLES:

The goal of this amendment is to increase equipment availability and reliability in order to meet the following goals and objectives of the SFMTA's Strategic Plan:

Goal 2: Make transit, walking, bicycling, taxi, ridesharing and carsharing the preferred means of travel.

Objective 2.1: Improve customer service and communications.

Objective 2.3: Increase use of all non-private auto modes.

Objective 3.2: Increase the transportation system's positive impact to the economy.

This amendment helps fulfill the following Transit First Policy Principles:

2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.

DESCRIPTION:

The SFMTA operates a fleet of 149 light rail vehicles originally manufactured by Ansaldo Breda (now known as Hitachi Rail USA). These LRVs were phased into service starting in 1997, and after many miles of service, require reconditioning and rehabilitation work.

On May 6, 2009, the SFMTA issued a Request for Proposals (RFP) for Contract No. APT 591-01, LRV Doors and Steps Reconditioning and Systems Rehabilitation (the contract). The project was funded partially with an American Recovery and Reinvestment Act (ARRA) grant. Only Hitachi Rail USA, the manufacturer of SFMTA's LRV fleet, responded to the RFP.

On September 15, 2009, the SFMTA Board of Directors adopted Resolution No. 09-173, which authorized execution of the contract with Hitachi Rail USA, for a total amount not to exceed \$56,752,554, and for a term not to exceed five years. On October 29, 2009, the Board of Supervisors adopted Resolution No. 403-09, approving the contract. The SFMTA issued a notice to proceed with the contract on November 16, 2009.

On June 2, 2010, the parties entered into Amendment One, to rehabilitate trucks of 34 LRVs at a cost of \$11,996,867, increasing the total contract amount to \$68,749,421 and extending the term of the contract by one year to November 16, 2015. The SFMTA Board approved Amendment

One on April 6, 2010 by Resolution No. 10-042. The Board of Supervisors approved the Amendment when it adopted Resolution No. 250-10 on May 25, 2010.

On October 23, 2014, the parties entered into Amendment Two, to remove the doors and steps and air supply unit rehabilitation from the scope of work and to shift the funds to rehabilitate 41 carsets of trucks and extend the term of the contract to October 18, 2016. At that time, maintenance records showed that rehabilitation of the doors and steps and the air supply units did not significantly improve the reliability of those systems. The Amendment increased the contract by \$5,900,193, and also added three options for rehabilitation of up to 71 additional trucks, for a maximum total contract amount, if all the options were exercised, of \$104,263,354. The SFMTA Board approved Amendment Two on August 19, 2014 by Resolution No. 14-134. The Board of Supervisors approved the Amendment when it adopted Resolution No. 382-14 on October 7, 2014.

Current Amendment

The contract provides for five LRVs to be out of service at a time for the reconditioning and rehabilitation work; however, increased service demands has limited the SFMTA's ability to take so many LRVs out of service at any one time. From the middle of 2015, only three LRVs at a time have been available for the reconditioning and rehabilitation efforts. The reduced number of LRVs available for the work has significantly slowed the production line. The contract expired in October of 2016, and as of February 2017, there are still 15 LRVs awaiting reconditioning and rehabilitation.

A no-cost contract time extension is the best compromise to provide sufficient LRVs for service while at the same time keeping the reconditioning and rehabilitation production line progressing towards completion.

This Amendment also provides the opportunity to reallocate some unused contract funds (\$211,154) to be available for any additional unforeseen mechanical conditions that may be uncovered during the rehabilitation process.

There are two remaining options to rehabilitate additional carsets of trucks. These options have expired and are removed from the contract in this Amendment.

Contract SBE goals of 7% have been met and are not affected by this contract amendment.

STAKEHOLDER ENGAGEMENT

While having enough vehicles in service for our riders affects stakeholders, no outreach was done for this contract amendment.

ALTERNATIVES CONSIDERED:

The alternative would have been to continue to provide five LRVs for the rehabilitation and reconditioning efforts, but that would have hampered the SFMTA's ability to provide service.

FUNDING IMPACT:

There is no funding impact.

ENVIRONMENTAL REVIEW:

On February 14, 2017, the SFMTA, under authority delegated by the Planning Department, determined that the “Extension for Contract CPT591 - Light Rail Vehicle Doors and Steps Reconditioning and Systems Rehabilitation” is not a “project” under the California Environmental Quality Act (CEQA), as defined in Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED:

The City Attorney's Office has reviewed this calendar item.

RECOMMENDATION:

Staff recommends that the SFMTA Board authorize the Director of Transportation to execute Amendment Three to Contract No. APT 591-01, Light Rail Vehicle Doors and Steps Reconditioning and Systems Rehabilitation, with Hitachi Rail USA Inc., to allow the SFMTA, at its discretion, to determine how many LRVs to supply to the contractor for rehabilitation at any one time; to retroactively extend the contract term for one year to October 18, 2017; to reallocate unused contract funds; and to remove unused, expired options.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, On October 29, 2009, the City and AnsaldoBreda Inc. (Contractor) entered into Contract No. APT 591-01 (the Contract) for reconditioning the doors and steps and rehabilitating other systems in 143 of SFMTA's light rail vehicles (LRVs), for a total amount not to exceed \$56,752,554, and for a term not to exceed five years; and

WHEREAS, On June 2, 2010, the City and Contractor entered into Amendment One to the contract, to perform a complete rehabilitation of the trucks of 34 LRVs for \$11,996,867, for a total contract amount not to exceed \$68,749,421, and to extend the term of the contract from five years to six years; and

WHEREAS, On October 23, 2014, the parties entered into Amendment Two, to remove the doors and steps and air supply unit rehabilitation from the scope of work, to shift the funds to rehabilitate 41 carsets of trucks, and to extend the term of the contract to October 18, 2016; and

WHEREAS, The contract provides for five LRVs to be out of service at a time for rehabilitation, but because of service demands, the SFMTA has only been able to commit three at a time; This limited availability of LRVs has slowed the production line, necessitating a one-year time extension; and

WHEREAS, This Amendment will reallocate \$211,154 in unused Contract funds to cover unforeseen mechanical conditions, and remove two unused, expired options from the Contract; and

WHEREAS, On February 14, 2017, the SFMTA, under authority delegated by the Planning Department, determined that the "Extension for Contract CPT591 - Light Rail Vehicle Doors and Steps Reconditioning and Systems Rehabilitation" is not a "project" under the California Environmental Quality Act (CEQA), as defined in Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute Amendment Three to Contract No. APT 591-01 – Light Rail Vehicle Doors and Steps Reconditioning and Systems Rehabilitation, with Hitachi Rail USA Inc., to allow the SFMTA, at its discretion, to determine how many LRVs to supply to the Contractor for rehabilitation at any one time; to retroactively extend the contract term for one year, to October 18, 2017; to reallocate unused contract funds; and to remove unused, expired options.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at its meeting of March 21, 2017.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness 7th Floor
San Francisco, California 94107**

**Amendment Three to
Agreement between the City and County of San Francisco and
Hitachi Rail USA (fka AnsaldoBreda Inc.)
LRV Doors and Steps Reconditioning and Systems Rehabilitation**

This Amendment is made this _____ day of _____, 2017, in the City and County of San Francisco, State of California, by and between: Hitachi Rail USA, formally known as AnsaldoBreda Inc, a Delaware corporation ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Municipal Transportation Agency ("SFMTA") (collectively, the "Parties").

Recitals

A. On or about October 29, 2009, City and Contractor entered into Contract No. APT 591-01 for reconditioning the doors and steps and rehabilitating systems in 143 of SFMTA's light rail vehicles ("Contract" or "Agreement").

B. On June 2, 2010, City and Contractor entered into Amendment One to Agreement to rehabilitate 34 car sets of trucks.

C. On October 23, 2014, City and Contractor entered into Amendment Two to Agreement, to remove the doors and steps and air supply unit scope of work from the Contract; eliminate the maintenance training requirement; alter the spare parts requirements; rehabilitate 41 additional car sets of trucks, with options for up to 71 more; and extend the term of the Contract by 11 months to allow for extra work and procurement of parts required to perform the work.

D. The Parties now wish to amend the Contract to (i) remove the unused options from the Contract; (ii) extend the base term of the Contract by 12 months to October 18, 2017, (iii) reallocate funding from the termination costs for the doors and air supply units to the allowance for unforeseen mechanical condition; and (iv) clarify the SFMTA's discretion in determining how many LRVs to supply to the Contractor and how many are out of service at any one time for the project.

NOW, THEREFORE, Contractor and the City agree as follows:

1. Section 2 of Agreement (Term of the Agreement) is amended to read as follows:

2. Term of the Agreement

Subject to Section 1, this Agreement shall commence on the Effective Date and terminate no later than October 18, 2017.

2. Section 66.1 (Delivery Rate) is amended to read as follows:

66.1 Delivery Rate. Vehicle deliveries shall be in accordance with the Project Delivery Schedule (Exhibit B). At its discretion, SFMTA will supply up to five LRVs at any one time for rehabilitation work and related activities, including pre-inspection, transit, rehabilitation, testing or commissioning. In no event shall Contractor keep more than five LRVs out of service at any one time. -At its discretion, the SFMTA may supply individual truck sets for rehabilitation work and related activities, including pre-inspection, transit, or rehabilitation.

4. Exhibit B of the Agreement is deleted and replaced by a new Exhibit B, attached to this Amendment and incorporated by reference as though fully set forth.

5. Exhibit C of the Agreement is deleted and replaced by a new Exhibit C, attached to this Amendment and incorporated by reference as though fully set forth.

6. Contractor acknowledges and agrees that the amounts agreed for the work described above, and/or the extension of time granted herein, with or without cost, shall be full accord and satisfaction for all past, current and prospective costs incurred in connection with Contractor's performance of all work under the contract up to and including the work covered under this Amendment Three, without limitation. Said costs may include, but are not limited to, costs for labor, materials, equipment, disruption, lost productivity, escalation, delay, extended overhead, administration and extended performance time. Contractor releases the City from all claims for which full accord and satisfaction is made, as set forth above.

7. Effective Date. Each of the modifications set forth above shall be effective on and after all parties have signed the Amendment.

8. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

CONTRACTOR

Municipal Transportation Agency

Hitachi Rail USA

Edward D. Reiskin
Director of Transportation

Municipal Transportation Agency
Board of Directors
Resolution No. _____
Dated: _____

Giampaolo Nuonno
Chief Executive Officer
1461 Loveridge Road
Pittsburg, CA 94565

Attest:

City vendor number: 41208

Roberta Boomer, Secretary

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Robin M. Reitzes
Deputy City Attorney

EXHIBIT B
PROJECT DELIVERY SCHEDULE

Delivery of 143 Rehabilitated Light Rail Vehicles and Associated Deliverables

DELIVERY MILESTONE	No. of Days	AFTER NTP
a. Acceptance of Management Work Plan, Master Baseline Schedule	+30	30 days
b. Delivery of Pilot LRV ready for acceptance testing no later than	+150	180 days
c. Delivery of successful testing and Conditional Acceptance of the Pilot Car no later than	+30	210 days
d. Completion of successful testing and Conditional Acceptance of Second car	+60	270 days
e. Completion of successful testing and Conditional Acceptance of 143 rd car	+1341	1611 days

Milestone requirements are detailed in Section 67 of the Contract and in Section TP01.08 of the Technical Provisions.

Note: 231 working days (*i.e.*, 11 months) have been added to the Schedule for the extra work (transom joint work) and for procurement of parts, including long-lead items, required to perform the work under Amendment Two. Amendment Three adds 12 months to the Contract completion date since the SFMTA has often supplied less than five LRVs to Contractor at any one time. The new completion date for the Contract is October 18, 2017. All options have been removed.

EXHIBIT C
PRICE SCHEDULE
FOR SFMTA REHABILITATION OF IDENTIFIED SUBSYSTEMS FOR 143 LRVs

Item No.	Description	Qty.	Unit Price	Total Price
1.1	Rehabilitated couplers (electrical and mechanical) complete assembly (A)	143	\$53,500	\$7,650,500
1.2	Rehabilitated doors and steps complete assembly (B)	86	\$203,963	\$17,540,818
1.3	Replacement PSC-2 Wiring Harness (C)	143	\$6,860	\$980,980
1.4	Re-designed new articulation wiring and harnesses complete assembly (D)	143	\$37,306	\$5,334,758
1.5	Rehabilitated air supply units complete assembly (E)	86	\$24,003	\$2,064,258
1.6	Replacement of Center Pins and Traction Motor Bearings (F)	143	\$11,210	\$1,603,030
1.7	Program Management, Engineering, QA Support (G)	1	\$2,813,410	\$2,813,410
Subtotal of Item 1 – Rehabilitation of Couplers, Air Supply Units, Doors and Steps, Articulation Wiring and harnesses for 143 LRVs, CDRLs, Transport of Vehicle to Contractor facility and return to SFMTA facility, Site Support & Warranty				\$37,987,754
2.1	Rehabilitate Motored and Non-Motored Trucks of the LRVs	34	\$334,223	\$11,363,582
2.2	Rehabilitate Motored and Non-Motored Trucks of the LRVs	41	\$365,848	\$14,999,768
Subtotal of Item 2 – Rehabilitation of Motored and Non-Motored Trucks				\$26,363,350
3.1	Re-designed new articulation wiring and harness: a. Jumper Cables b. Bulkhead Connectors c. Articulation Wiring Spares	10	\$21,871	\$218,710
3.2	Gearbox Spares (Axle Quill assembly)	29	\$113	\$3,277
3.3	Gearbox Spares (117 Teeth Gear)	29	\$3,518	\$102,022
3.4	Gearbox Spares (Pinion Shaft)	29	\$1,192	\$34,568
3.5	Brake Caliper Spares (Large Lever Arm)	151	\$626	\$94,526
3.6	Brake Caliper Spares (Complete Caliper)	18	\$15,501	\$279,018
3.7	Coupler Spares (Complete Coupler)	4	\$128,779	\$515,116

Item No.	Description	Qty.	Unit Price	Total Price
3.8	Coupler Spares (Pneumatic Hoses)	116	\$452	\$52,432
3.9	Coupler Spares (Bridge)	205	\$3,696	\$757,680
3.10	Traction Motor Spares (Fan)	10	\$1,180	\$11,800
3.11	Traction Motor Spares (Speed Sensors)	25	\$709	\$17,725
Subtotal of Item 3 - Spares				\$2,086,874
4.	Allowance for latent or unforeseen mechanical conditions			\$2,461,154
5.	Sales tax on materials (reimbursable)			\$3,810,593
6.	Termination Costs (cost of parts remaining in inventory and on order due to reduction of doors and steps quantity from 143 to 86 – a list of said parts is attached as Exhibit C-1)			\$1,763,342
7	Termination Costs (cost of parts remaining in inventory and on order due to reduction of air supply units quantity from 143 to 86 – a list of said parts is attached as Exhibit C-2)			\$176,547
Contract Total (1+2+3+4+5+6+7)				\$74,649,614