

## **STAFF REPORT**

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**DATE:** September 25, 2023  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Carmen Alba, Acting VP Light Rail Operations  
**SUBJ:** APPROVING THE FIFTH AMENDMENT TO THE CONTRACT FOR LOW FLOOR LIGHT RAIL VEHICLE PROCUREMENT WITH SIEMENS MOBILITY, INC. FOR PURCHASE OF EIGHT ADDITIONAL S700 LIGHT RAIL VEHICLES

### RECOMMENDATION

Motion to Approve.

### RESULT OF RECOMMENDED ACTION

Approving the Fifth Amendment will exercise Sacramento Regional Transit District's (SacRT) option to purchase eight additional low floor light rail vehicles, along with special tools and spare parts.

### FISCAL IMPACT

The Fifth Amendment will increase the Contract Total Consideration with Siemens Mobility, Inc. (Siemens) by a minimum of \$35,656,811.57, plus contractual escalation factors to be applied in December 2025, and applicable state and local taxes. The price of \$35,656,811.57 includes the 2.5% minimum annual escalation of costs for the 46-month period between February 2022 and December 2025, in accordance with the Contract terms. There will be an additional cost escalation applied in December 2025 at the midpoint of delivery of the option order of eight vehicles, which will be calculated at that time using published labor and material indices agreed to in the Contract. It is not possible to estimate those escalation costs at this time. The base increase remains within the approved FY24 Capital Budget. The amendment will contain a spare parts allowance of \$3,000,000.00 and an allowance of \$1,500,000.00 for special tools. Pricing for spare parts and special tools will be based on the current pricing offered by Siemens (the initial pricing set out in the Contract was valid for 12 months only; Siemens has an obligation under the Contract to provide annual updates to the spare parts list). The Fifth Amendment and associated costs are funded with a combination of state funds including Solution for Congested Corridors Program \$22,994,000, Local Partnership Program \$1,437,000, and Low Carbon Transit Operations Program \$400,000; and federal funds including Rail Vehicle Replacement Program \$22,128,700, STP \$7,920,000, SACOG 5307 \$631,727, and SACOG Transformative \$6,462,500. Total funding identified for this project is \$61,973,927. The grant funding awarded to SacRT for this purchase will not be

available until December 2023, so it will not be available when the first payment is due in November. However, staff has identified alternative funding that will be available to make the November payment. Upon receipt of the grant funds awarded for this project in December, staff will reallocate the new grant funds to reimburse the funds used to make the November payment.

## DISCUSSION

SacRT and the San Diego Metropolitan Transit System (SDMTS) released a joint Request for Proposals (RFP) for Low-Floor Light Rail Vehicle (LRV) Procurement on December 14, 2018. On February 21, 2019, SDMTS received one proposal from Siemens. The RFP provided for a base order of 25 LRVs for SDMTS with an option for SDMTS to acquire an additional 22 LRVs, and a SacRT option to procure up to 76 LRVs during the 7-year contract term.

On March 23, 2020, the Board approved the award of the Contract for 20 LRVs with Siemens for \$99,974,483.00, plus applicable California state and local sales and transaction taxes. Subsequently, the First Amendment to the Contract was executed on July 10, 2020, to revise the project schedule. On April 8, 2021, the Second Amendment was executed to add installation of railway worker protection equipment and increase the total consideration to \$100,280,347.48, plus applicable California state and local sales and transaction taxes. On October 25, 2021, the Board delegated authority to the General Manager/CEO to approve the Third Amendment to allow changes to the low-floor vehicles to improve maintainability and enhance features in the vehicle for passengers with disabilities. The Third Amendment increased the total consideration to \$100,688,819.68, plus applicable California state and local sales and transaction taxes. The Fourth Amendment increased the Contract to include the purchase of eight additional LRVs, for a total of 28, and increased the Contract Total Consideration to \$135,836,248.12, plus applicable California state and local sales and transaction taxes and any differential amount required to be paid when the escalation formula is applied at the midpoint of delivery of the option order of 8 LRVs if the cumulative increase is in excess of the previously-applied 2.5% annual escalation.

The Fifth Amendment would modify the Contract to include the purchase of eight additional LRVs, for a total of 36. The initial increase to the Total Consideration for the additional 8 vehicles at the cost of \$35,656,811.57, special tools not to exceed \$1,500,000.00, and spare parts not to exceed \$3,000,000.00. The Contract specifies a “base price” of \$4,046,524.00 per option LRV, which is then escalated based on the percentage increase in specified producer price and labor indices measured for the period between delivery of the 12<sup>th</sup> LRV of the base order for SDMTS (February 2022) and the midpoint of delivery of the option order (the currently-scheduled midpoint of delivery of the eight LRV option order is December 2025), which is a period of 46 months. The Contract specifies a minimum escalation rate of no less than two and one-half percent (2.5%) per annum (0.2084% per month). The total estimated price of \$40,156,811.57 is based on this minimum escalation, which will raise the Contract Total Consideration to a minimum total amount of \$175,993,059.69, plus applicable taxes and fees and any

applicable future escalation in excess of the 2.5% per year. The Fifth Amendment would also make a clarifying change to the escalation language in the Contract to specify that any Break in Production fee will be applied based on the originally-specified delivery date and that subsequent changes to either accelerate or delay the delivery will not affect the applicability of the Break in Production fee.

RESOLUTION NO. 2023-09-096

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

September 25, 2023

**APPROVING THE FIFTH AMENDMENT TO THE CONTRACT FOR LOW FLOOR LIGHT RAIL VEHICLE PROCUREMENT WITH SIEMENS MOBILITY, INC. FOR PURCHASE OF EIGHT ADDITIONAL S700 LIGHT RAIL VEHICLES**

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Fifth Amendment to the Contract for Low-Floor Light Rail Vehicle Procurement by and between Sacramento Regional Transit District (therein "SacRT") and Siemens Mobility, Inc. (therein "Contractor") whereby Contractor agrees to provide eight additional LRVs, for a total of 36, spare parts, and special tooling and the total Consideration is increased by a minimum of \$40,156,811.57, from \$135,836,248.12 to \$175,993,059.69 plus applicable California state and local sales and transaction taxes and any differential amount required to be paid when the escalation formula is applied at the midpoint of delivery of the option order of eight LRVs if the cumulative increase is in excess of the previously-applied 2.5% annual escalation, is hereby approved.

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing amendment.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary