



STAFF REPORT

DATE: February 26, 2024
TO: Sacramento Regional Transit Board of Directors
FROM: Carmen Alba, VP, Operations
SUBJ: APPROVING THE SIXTH AMENDMENT TO THE CONTRACT FOR LOW FLOOR LIGHT RAIL VEHICLE PROCUREMENT WITH SIEMENS MOBILITY, INC. FOR PURCHASE OF NINE ADDITIONAL S700 LIGHT RAIL VEHICLES

RECOMMENDATION

Motion to Approve.

RESULT OF RECOMMENDED ACTION

Approving the Sixth Amendment will exercise Sacramento Regional Transit District's (SacRT) option to purchase 9 additional low floor light rail vehicles, along with special tools and spare parts.

FISCAL IMPACT

The Sixth Amendment will increase the Contract Total Consideration with Siemens Mobility, Inc. (Siemens) by at least \$43,917,095.36 from \$175,993,059.69 to \$219,910,155.05. The current amount of \$43,917,095.36 includes a 2.5% minimum annual escalation of costs for the 52-month period between February 2022 and May 2026, in accordance with the Contract terms. However, this is not the final total price for these 9 vehicles, as the price will be recalculated in May 2026 using published labor and material indices already agreed to in the Contract. It is not possible to estimate those escalation costs at this time. The base amount is within the approved FY24 Capital Budget though future Capital Budget amendments may be needed when the final cost is determined. The amendment includes a spare parts allowance of \$2,935,988.97 and an allowance of \$367,816.09 for special tools. The Sixth Amendment and associated costs are funded with a combination of state funds including Transit & Intercity Rail Capital Program (TIRCP) of \$23,600,000, federal Rail Vehicle Replacement Program funds of \$22,968,236, federal Section 5337 funds of \$8,262,505, and State Transit Assistance funds of \$1,433,862. Total funding identified for this project is \$56,264,603. The Rail Vehicle Replacement Program funds and State Transit Assistance funds are currently available. Federal Section 5337 funds will be available in April 2024 and the TIRCP funds should be available by March 2024.

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 8 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 modified the Contract to include the purchase of 8 additional LRVs, for a total of 36. The initial increase to the Total Consideration for the additional 8 vehicles was 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 Total Consideration was increased 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 8 LRVs if the cumulative increase is in excess of the previously applied 2.5% annual escalation. The Fifth Amendment clarified 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.

The Sixth Amendment would modify the Contract to include the purchase of 9 additional LRVs, for a total of 45 LRVs. The initial increase to the Total Consideration for the additional 9 vehicles will cost \$40,613,290.30 plus applicable sales tax, special tools not to exceed \$367,816.09, and spare parts not to exceed \$2,935,988.97. 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 12th 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 9 LRV option order is May 2026, which is a period of 52 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 \$43,917,095.36 is based on this minimum escalation, which will raise the Contract Total Consideration to a minimum total amount of \$219,910,155.05, plus applicable taxes and fees and any applicable future escalation in excess of the previously-applied 2.5% per year. As a part of the overall Light Rail Modernization Project, the 45 LRVs will start service on the Gold Line and the Green Line later this year.

RESOLUTION NO. 2024-02-017

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

February 26, 2024

APPROVING THE SIXTH AMENDMENT TO THE CONTRACT FOR LOW FLOOR LIGHT RAIL VEHICLE PROCUREMENT WITH SIEMENS MOBILITY, INC. FOR PURCHASE OF NINE 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 Sixth 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 nine additional LRVs, for a total of 45 LRVs, plus spare parts and special tooling, and the total Consideration is increased by a minimum of \$43,917,095.36, from \$175,993,059.69 to \$219,910,155.05 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 nine 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.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary