

Transportation Committee

For the Metropolitan Council meeting of September 23, 2015

Subject: Authorization to exercise 5 option vehicles with Siemens under the current contract 09P157

Proposed Action

That the Metropolitan Council Authorize the Regional Administrator to exercise the contract option with Siemens Industry, Inc. for the purchase of 5 Light Rail Vehicles for the METRO Blue Line. This will increase the existing Siemens LRV Contract 09P157 by \$20.3 Million, for a revised contract value not to exceed \$237,964,820.

Summary of Committee Discussion/Questions

Council Member Elkins asked; "Are vehicles that are in maintenance counted as spares?" Rick Carey: In hindsight, I answered the question incorrectly. The correct answer is yes, the total number of vehicles, minus the number of vehicles used for revenue service, gives you the number of spares. So the vehicles that are in the shop for maintenance are included in the spare count.

Council Member Dorfman asked; "Would we purchase these 5 vehicles if we did not have the Superbowl in 2018?" Rick Carey: Yes.

Council Member Dorfman asked after the financing piece was presented by Ed Petrie; "How does the cost per vehicle compare from the original contract to the price now? Rick Carey answered; The original contract cost per vehicle was 3.3 million.

Council Member Munt asked; How do we tell the average person about the difference of an 8% spare ratio to 19%? Rick Carey answered; The customer would not typically know the difference unless we are unable to provide all of the needed cars for revenue service. Sometimes we are not able to provide all 3 car consists due to keeping a vehicle in the shop for scheduled maintenance. Customers are impacted by that and we receive customer reports. Our department goal is to not have to short any 3 car consists. The added vehicles and increased spare ratio will prevent us from having to short revenue vehicles to perform scheduled maintenance.

2015-202: Authorization to exercise 5 option vehicles with Siemens Industry, Inc., under Light Rail Vehicle (LRV) contract 09P157 and approve a contract amendment to increase the Siemens contract value (Ed Petrie 612-349-7624, Rick Carey 612-341-5628) Motion Letofsky, second Rodriguez, motion approved.

To Council as Non-Consent item.

Transportation Committee

Meeting date: September 14, 2015

For the Metropolitan Council meeting of September 23, 2015

Subject: Authorization to exercise 5 options vehicles with Siemens Industry, Inc. under Light Rail Vehicle (LRV) contract 09P157 and approve a contract amendment to increase the Siemens contract value.

District(s), Member(s): All

Policy/Legal Reference: LRV Executed Contract 09P157

Staff Prepared/Presented: Brian J. Lamb, General Manager, 612-349-7510
Ed Petrie, Director of Finance, 612-349-7624
Rick Carey, Director Rail Vehicle Maintenance, 612-341-5628

Division/Department: Metro Transit

Proposed Action

That the Metropolitan Council Authorize the Regional Administrator to exercise the contract option with Siemens Industry, Inc. for the purchase of 5 Light Rail Vehicles for the METRO Blue Line. This will increase the existing Siemens LRV Contract 09P157 by \$20.3 Million, for a revised contract value not to exceed \$237,964,820.

Background

The Metropolitan Council originally executed a contract with Siemens Industry, Inc. on September 29, 2010 (Contract Number 09P157) for the manufacture and delivery of low floor light rail vehicles for use in its public transit programs. As part of the METRO Blue Line 3 car train program, 5 of the option vehicles of the existing Siemens LRV contract were designated to increase the METRO Blue Line fleet. Currently the Blue Line is operating with a spare ratio of 8%, less than the recommended 20%. With the exercise of these 5 vehicles, it will increase the operating spare ratio to 19%. This increase improves the reliability and service to our customers, by allowing recommended running repair, and overhaul maintenance on the vehicles to occur without reducing the number of vehicles used for revenue service.

Rationale

The existing Siemens Contract contains a very favorable price per vehicle, including escalation costs that compare with the lowest price for similar vehicles in the industry since 2008. Adding these 5 vehicles to a future vehicle procurement could increase the price per vehicle up to \$1.0M per vehicle. By exercising these vehicles now, the production and delivery of these vehicles would place them in service in time for the Superbowl in 2018.

Funding

The cost for the purchase of the 5 option vehicles is \$20,241,055. The funding for this purchase includes a Counties Transit Improvement Board (CTIB) \$6.0M Capital Grant awarded in 2014, a \$14.0M CTIB Interest Free Note Payable which is payable in 5 Annual Installments of up to \$2.8M not to exceed the existing note balance each year beginning in 12/1/2016 through 6/30/2020. Funding for the repayment of the

note payable will be from future capital funding included in the Metro Transit Council Authorized Capital Program. The Metropolitan Council will recognize the future installments of up to \$2.8M each year for a total of up to \$14.0M in its future annual capital budgets to be authorized by the Metropolitan Council. Any option costs in excess of \$20.0M will come from the Metro Transit Capital Program. Funding for this purchase is included in the Amendment to the 2015 Unified Budget - Blue Line LRV Amendment Business Item 2015-207 in Project Number 65111e.

Known Support / Opposition

There is no known opposition.