

## Transportation Committee

For the Metropolitan Council meeting of October 26, 2016

**Subject:** Award contract to Siemens Industry, Inc. for 27 light rail vehicles with 50 option vehicles.

### Proposed Action

Authorize the Regional Administrator to:

- Award and execute a contract with Siemens Industry Inc. (Siemens) for the fabrication and delivery of 27 low floor light rail vehicles and related materials and services, at a total cost not to exceed \$118,092,506, with an option to purchase up to 50 additional low floor light rail vehicles.
- ~~Exercise the contract option to purchase one low floor light rail vehicle for a total cost not to exceed \$3,930,000 for a new total contract value not to exceed \$122,022,506.~~
- Issue Limited Notice to Proceed to initiate design and engineering in the amount not to exceed \$3,000,000.

### Summary of Committee Discussion/Questions

Metro Transit Senior Project Manager Anne Taylor and Rail Vehicle Maintenance Manager Gene Sheldon presented this item. General Manager Brian Lamb distributed a letter from the Chair of the Counties Transit Improvement Board (CTIB) to Council Chair Adam Duinick requesting that the CTIB Executive Change Control Board be given the opportunity to review the staff recommendation to exercise one of the options to purchase one additional vehicle in addition to the base award. General Manager Lamb indicated that while it was the staff's intent to make progress toward the Corridor Management Committee goal of building the Green Line Extension fleet up to 30 vehicles with the first use of contingency dollars, that CTIB's request was also reasonable to consider at this time. Councilmember Barber suggested an amendment to remove the recommendation to exercise the one option for the purpose of given the assurance that would not impact the base contract award.

Councilmember Barber asked if it is typical to receive only one proposal. Senior Project Manager Anne Taylor responded that it's not typical, and that Council's procurement department staff contacted all light rail vehicle manufacturers that had expressed interest in the Council's solicitation, and learned that they did not submit proposals for individual business reasons. Councilmember Barber also asked for comparable award prices, and Ms. Taylor compared the Green Line contract in 2010 for 41 LRVs at \$3.3 million per unit vehicle and Portland's (TriMet) procurement of 18 LRVs in 2012 at \$3.9 million per vehicle to the proposed \$3.9 million per vehicle unit price for the Green Line Extension base order of 27 vehicles in 2016. Councilmember Dorfman asked for clarification about the Limited Notice to Proceed (LNTP) amount of \$3 million. Ms. Taylor said the LNTP amount is for Siemens Industry to begin design and engineering work and the award amount is a percentage of the total recommended award. Councilmember Dorfman advocated for Council to take advantage of large investments such as light rail vehicles by encouraging the U.S. Jobs Employment Plan. Councilmember Munt observed that the LRV RFP had already been issued last year prior to the Council's awareness of the Employment Plan and would not include the Employment plan.

Motion by Munt, seconded by Rodriguez to approve the amended action and carried.

## Transportation Committee

Meeting date: October 24, 2016

For the Metropolitan Council meeting of October 26, 2016

**Subject:** Award contract to Siemens Industry, Inc. for 27 light rail vehicles with 50 option vehicles.

**District(s), Member(s):** All

**Policy/Legal Reference:** Minnesota Statute 473.3999; Metropolitan Council Procedure 3-3

**Staff Prepared/Presented:** Brian Lamb, General Manager, 612-349-7510  
Mark Fuhrmann, Deputy General Manager, 612-373-3810  
Anne Taylor, Senior Project Manager, 612-373-5386  
Gene Sheldon, Rail Vehicle Maintenance Manager, 612-341-5634

**Division/Department:** Metro Transit

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### Background

As part of the Southwest LRT Project (METRO Green Line Extension), 27 low floor light rail vehicles are required for three-car operations at the start of revenue operations in 2021. In addition, up to 50 option vehicles are included in the contract for anticipated needs should funding sources be identified for the Blue Line Extension and Green Line Extension Projects as well as the METRO Blue and Green Lines.

On September 24, 2015, an RFP was issued to vendors known to produce light rail vehicles inviting them to submit proposals. One proposal was received on March 1, 2016. Following the Procurement Department's determination that there was adequate competition, the single proposal was evaluated by a panel utilizing a best value approach which considers both technical and cost considerations. After the initial technical evaluation, representatives from Siemens were invited to meet with the evaluation panel and address questions about their proposal and negotiate the price. A request for Best and Final Offer (BAFO) was issued on September 12, 2016. Siemens' final proposal was received on September 13, 2016. The evaluation panel determined that the final price offered by Siemens' was fair and reasonable.

The base order count of 27 vehicles is the minimum number of vehicles needed to effectively operate revenue service for the Green Line Extension.

The contract award is contingent on satisfactory results from the Pre-Award Buy America Audit and the FTA's approval of the Southwest LRT Project's entry to Engineering. ~~The exercise of one option vehicle is contingent on the award and execution of an LRV contract.~~ The Council will issue limited notices to proceed prior to receipt of the Full Funding Grant Agreement (FFGA), and a full notice to proceed upon receipt of the FFGA.

### **Rationale**

Siemens' final price proposal is \$118,092,506 and is within the Project's budget of \$125,166,000 for light rail vehicles (LRVs). The cost per base vehicle is \$3,907,165 which compares favorably to peer systems' LRV base unit costs for comparable low floor LRV orders.

The evaluation panel unanimously recommends awarding the contract to Siemens for 27 base vehicles based on the merit of their technical and price proposal in providing the best value to the Council.

Awarding and executing the contract for the base order in Q4 2016 helps avoid cost escalation for materials and allows for the nearly two years of design, production and delivery of these vehicles to arrive in the Twin Cities for integration testing and start of revenue service.

~~Authorizing the exercise of one option vehicle in Q4 2016 also helps avoid cost escalation and utilizes the Project's available budget for light rail vehicles. The SWLRT Project Corridor Management Committee identified the purchase of three additional rail cars as a priority to effectively and efficiently operate the line.~~

The execution of a contract in excess of \$500,000 requires Council approval.

### **Funding**

Sufficient funding commitment from local funding sources is available to award the base contract award ~~and the exercise of one contract option vehicle,~~ and issue a Limited Notice to Proceed in the amount not to exceed \$3,000,000 for design and engineering of 27 LRVs ~~plus exercise of one contract option vehicle.~~ These expenditures are eligible for Federal funding participation following Federal Transit Administration approval for the Green Line Extension to enter Engineering expected in November 2016. Upon execution of the Full Funding Grant Agreement (FFGA), the Council will be consulted to authorize a Final Notice to Proceed.

### **Known Support / Opposition**

There is no known opposition. Local funding partners support the Project.