

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
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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.