

## Transportation Committee

Meeting date: September 14, 2015

For the Metropolitan Council meeting of September 23, 2015

**Subject:** Authorize the assignment of 4 Option Vehicles with Siemens Industry, Inc. under Light Rail Vehicle (LRV) contract 09P157 to Hampton Roads Transit.

**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 allow the assignment of 4 Light Rail Vehicle contract options with Siemens Industry, Inc. to Hampton Roads Transit under the existing Siemens LRV Contract 09P157.

### 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. The vehicle contract with Siemens Industry, Inc. included a total of 99 Light Rail Vehicles (59 Light Rail Vehicles Ordered and 40 Option Light Rail Vehicles). Metropolitan Council Business Item 2015-202 allowed the Regional Administrator to exercise the contract option for 5 of the option vehicles with a remaining option vehicle balance of 35 vehicles. The remaining vehicle options under Siemens LRV Contract 09P157 expire September 29, 2015.

Hampton Roads Transit operates a 13.1 mile light rail line exclusively in the City of Norfolk, Virginia. The City of Virginia Beach is proposing to build an additional 3.4 miles of track to bring light rail service within its municipal limits. Four additional Light Rail Vehicles will be necessary for that extension. The City Council for Virginia Beach must first acknowledge the purchase of the Light Rail Vehicles before Hampton Roads Transit can proceed with the acquisition. The resolution will be presented for a Virginia Beach City Council vote on September 15, 2015. The light rail vehicles will be purchased with state funds from the State of Virginia. In addition, pursuant to the Virginia Beach Public Procurement Act, Hampton Roads Transit will also be requesting approval from the Commonwealth of Virginia to participate in an out of state procurement.

Upon assignment of the Siemens LRV Contract options to Hampton Roads Transit, the 4 option vehicle specifications, pricing, delivery, funding and payment will be separately negotiated between Siemens Industry, Inc. and Hampton Roads Transit.

The existing Siemens Contract 09P157 includes up to \$2,500,000 of Direct Startup Costs for Discontinuance Production of the Vehicles. These costs were

included as part of the cost of the Metropolitan Council Option Vehicles exercised under Council Business Item 2015-202. It is anticipated a portion of these costs may be allocated to Hampton Roads Transit upon final negotiation and exercise of the 4 option vehicles, which will be determined upon final vehicle specifications between Hampton Roads Transit and Siemens Industry, Inc.

### **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. Allowing the assignment of 4 light rail vehicles will allow the City of Virginia Beach to expand their light rail transit service, and may also allow the Council to reduce its portion of the \$2.5 million of Direct Startup Costs for Discontinuance of Vehicle Production.

### **Funding**

The cost for the purchase of the 4 option vehicles will be negotiated between Siemens Industry Inc. and Hampton Roads Transit. The light rail vehicles will be purchased with state funds from the State of Virginia. No Metropolitan Council Funding will be expended with the exercise of these 4 option vehicles.

### **Known Support / Opposition**

There is no known opposition.