

1 [Contract Agreement - Hitachi Rail GTS USA Inc. - Design, Procurement, System
2 Implementation - \$212,093,633 - Support of a Train Control System - \$114,070,833 -
3 Extension Option of Support - \$237,681,185]

4 **Resolution approving an agreement between the City and County of San Francisco,**
5 **acting by and through the San Francisco Municipal Transportation Agency (SFMTA),**
6 **and Hitachi Rail GTS USA Inc. for design, furnishment, system implementation, support**
7 **and related services for a Communications-Based Train Control System, for a contract**
8 **term of nine years of design and procurement with an amount not to exceed**
9 **\$212,093,633; followed by 10 years of support with an amount not to exceed**
10 **\$114,070,833 and two five-year options to extend the support with an amount not to**
11 **exceed \$237,681,185 for a total contract term of up to 29 years, effective upon approval**
12 **of this Resolution and execution of the agreement; and authorizing SFMTA to approve**
13 **any additions, amendments or other modifications to the contract up to the amount of**
14 **\$2,000,000 per modification that are necessary or advisable to effectuate the purposes**
15 **of the Resolution.**

16 WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) operates
17 the Muni Metro light rail system, which includes both shared surface right of way and
18 dedicated subways controlled by an outdated analog loop cable-based Automatic Train
19 Control System (ATCS), which first went into service in 1998, and has reached the end of its
20 useful life; and

21 WHEREAS, In February 2020, the Muni Reliability Working Group recommendations
22 included improving the long-term performance of the Muni rail system by replacing the train
23 control system; and

1 WHEREAS, On December 6, 2022, the San Francisco Board of Supervisors passed
2 Ordinance No. 252-22 waiving the Administrative Code prohibition against issuing solicitations
3 for a contract exceeding ten years and authorizing the use of negotiated procurement
4 procedures for a CBTC contract; and

5 WHEREAS, In March 2023, the SFMTA issued a Request for Proposals for a supplier
6 of a Communications-Based Train Control (CBTC) system to replace the ATCS and extend
7 train control territory to surface portions of Muni's rail network, to leverage significant
8 technological advances in train control that will enable the SFMTA to operate its rail service
9 with greater reliability, reduced delays, and increased passenger capacity; and

10 WHEREAS, In March 2024, the SFMTA issued a Request for Best and Final Offers for
11 a supplier of a CBTC system as part of the approved negotiated procurement process; and

12 WHEREAS, The requested supplier contract with Hitachi Rail GTS USA Inc. will
13 provide the SFMTA with the design, furnishment, system implementation, warranty, support
14 and related services for a CBTC system; and

15 WHEREAS, The Civil Service Commission approved Personnel Services Contract
16 request No. 44370 in connection with this contract on July 15, 2024; and

17 WHEREAS, The proposed Train Control Upgrade Project is subject to the California
18 Environmental Quality Act (CEQA); CEQA provides an exemption from environmental review
19 for mass transit projects that institute or increase passenger or commuter service on rail lines
20 already in use, including the modernization of existing stations, as defined in Title 14 of the
21 California Code of Regulations, Section 15275(a), and the California Public Resources Code,
22 Sections 21080(b)(10) and 21080(b)(11); and

23 WHEREAS, On January 22, 2024, the Planning Department, determined (Case N2022-
24 000870ENV) that the Train Control Upgrade Project is statutorily exempt from environmental
25 review under CEQA Title 14 of the California Code of Regulations, Section 15275(a), and the

1 California Public Resources Code, Sections 21080(b)(10) and 21080(b)(11); and

2 WHEREAS, The Approval Action under San Francisco Administrative Code, Section
3 31.04(h)(2)(A), occurred when the SFMTA Board of Directors approved the Train Control
4 Upgrade Project Consultant Contract in Resolution No. 240806-098 on August 6, 2024; and

5 WHEREAS, A copy of the CEQA determination is on file with the Clerk of the Board of
6 Supervisors in File No. _____; and

7 WHEREAS, On October 15, 2024, the SFMTA Board of Directors adopted Resolution
8 No. _____, authorizing the Director of Transportation to execute Contract No. SFMTA-
9 2022-40 FTA with Hitachi Rail GTS USA Inc. for a contract term of nine years of design and
10 procurement with an amount not to exceed \$212,093,633 followed by 10 years of support with
11 an amount not to exceed \$114,070,833 and two five-year options to extend the support with
12 an amount not to exceed \$237,681,185 for a total contract term of up to 29 years; and

13 WHEREAS, In order to provide managerial flexibility during the long-term contract, in
14 the same Resolution, the SFMTA Board of Directors authorized the Director of Transportation
15 to approve contract modifications issued under the contract up to the amount of \$2,000,000
16 per contract modification; and

17 WHEREAS, Under Charter, Section 9.118, the Board of Supervisors must approve this
18 contract since it is an expenditure contract in excess of \$10,000,000 and must approve
19 modifications or amendments of the contract having an impact of more than \$500,000; and

20 WHEREAS, A copy of the said contract is on file with the Clerk of the Board of
21 Supervisors in File No. _____, which is declared to be a part of this resolution as if set forth
22 fully herein; now therefore, be it

23 RESOLVED, That the Board of Supervisors approves the SFMTA entering into a
24 contract with Hitachi Rail GTS USA Inc. for a Communications-Based Train Control System
25 contract for a term of nine years of design and procurement with an amount not to exceed

1 \$212,093,633 followed by 10 years of support with an amount not to exceed \$114,070,833
2 and two five-year options to extend the support with an amount not to exceed \$237,681,185
3 for a total contract term of up to 29 years; and be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the SFMTA to
5 approve any additions, amendments or other modifications to the contract up to the amount of
6 \$2,000,000 per contract modification that the Director of Transportation, in consultation with
7 the City Attorney, determines is in the best interest of the SFMTA, and are necessary or
8 advisable to complete the transactions contemplated and effectuate the purpose and intent of
9 this Resolution, such determination to be conclusively evidenced by the execution and
10 delivery by the Director of Transportation of any such documents; and be it

11 FURTHER RESOLVED, That within 30 days of the contract being fully executed by all
12 parties, the SFMTA shall provide the final contract to the Clerk of the Board of inclusion into
13 the official file.

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