

File No. 100030

Committee Item No. 3
Board Item No. 9

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Sub - Committee: Budget and Finance

Date: May 19, 2010

Board of Supervisors Meeting

Date: 5/25/10

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
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OTHER

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Completed by: Andrea S. Ausberry

Date Friday, May 14, 2010

Completed by: A. Ausberry

Date May 20, 2010

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Amendment to Contract – AnsaldoBreda Inc., for Light Rail Vehicle Systems Overhaul – Not
2 to Exceed \$68,749,421]

3 **Resolution approving Amendment One to Contract No. APT 591.01, LRV Doors and**
4 **Steps Reconditioning and Systems Rehabilitation, between the City and County of San**
5 **Francisco, through the San Francisco Municipal Transportation Agency, and**
6 **AnsaldoBreda Inc. to rehabilitate the trucks of 34 LRVs, at a cost of \$11,996,867 for a**
7 **total contract amount not to exceed \$68,749,421 and to extend the term of the contract**
8 **from five years to six years.**

9
10 WHEREAS, On May 6, 2009, the San Francisco Municipal Transportation Agency
11 ("SFMTA") issued a Request for Proposals (RFP) for Contract No. 591-01, LRV Doors and
12 Steps Reconditioning and System Rehabilitation (the "Contract"), which project was funded
13 partially with grants through the American Recovery and Reinvestment Act ("ARRA"); and

14 WHEREAS, Only AnsaldoBreda Inc. (AnsaldoBreda), the manufacturer of SFMTA's light
15 rail vehicle fleet ("LRVs"), responded to the RFP; and

16 WHEREAS, On September 15, 2009, the SFMTA Board of Directors adopted
17 Resolution No. 09-173, which authorized the Executive Director/CEO to execute the Contract
18 with AnsaldoBreda, for a total amount not to exceed \$56,752,554, and for a term not to
19 exceed five years; and

20 WHEREAS, On October 29, 2009, the Board of Supervisors adopted Resolution No.
21 403-09, approving the Contract; and,

22 WHEREAS, On March 5, 2010, the SFMTA received \$12.1 million in redirected ARRA
23 funds to partially fund the SFMTA's Truck Rehabilitation Project; and
24
25

1 WHEREAS, The SFMTA has determined that the most expedient and cost effective
2 way of implementing a portion of the Truck Rehabilitation Project is to amend the Contract to
3 include this work and has justified a sole source procurement of this work under federal
4 guidelines; and

5 WHEREAS, SFMTA staff negotiated with AnsaldoBreda to perform the truck
6 rehabilitation work on 34 vehicles for a total cost of \$11,996,867; and

7 WHEREAS, On April 6, 2010, the SFMTA Board of Directors Adopted Resolution No.
8 10-042, which authorized the Executive Director/CEO to execute Amendment One to the
9 Contract, to perform a complete rehabilitation of the trucks of 34 LRVs for \$11,996,867, for a
10 total contract amount not to exceed \$68,749,421, and to extend the term of the Contract from
11 five years to six years; and

12 WHEREAS, Section 9.118 of the City Charter requires approval of the Board of
13 Supervisors by resolution of contracts entered into by the City and County requiring
14 anticipated expenditures of ten million dollars or more and approval of amendment to such
15 contracts having an impact of more than \$500,000; now, therefore, be it

16 RESOLVED, That the Board of Supervisors authorizes the SFMTA to enter into
17 Amendment One to Contract No. APT 591-01 with AnsaldoBreda, to perform a complete
18 rehabilitation of the trucks of 34 LRVs for \$11,996,867, for a total contract amount not to
19 exceed \$68,749,421, and to extend the term of the contract from five years to six years.

Item 3
File 10-0030

Department:
San Francisco Municipal Transportation Agency (SFMTA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve Amendment One to an existing agreement between the City and County of San Francisco, through the San Francisco Municipal Transportation Agency (SFMTA), and AnsaldoBreda Inc, to increase the agreement's not-to-exceed amount by \$11,996,867, from \$56,752,554 to \$68,749,421, and to extend the contract term by one year, or through October 29, 2015.

Key Points

- The existing five year and not-to-exceed \$56,752,554 agreement between the SFMTA and AnsaldoBreda, previously approved by the Board of Supervisors in Resolution 403-09, provides for reconditioning key components on 143 light rail vehicles (LRVs) in the SFMTA fleet.
- The proposed Amendment One, increasing the agreement by \$11,996,867, from \$56,752,554 to \$68,749,421, and extending the term by one year, would provide for the scheduled rehabilitation of the wheel and suspension components on 34 light rail vehicle (LRV) trucks, in accordance with the recommendations of the manufacturer AnsaldoBreda that LRVs undergo regularly-scheduled maintenance every 200,000 miles.
- Mr. Elson Hao, SFMTA Principal Engineer, advises that the trucks of all 143 LRVs in the SFMTA fleet require rehabilitation. However, according to Mr. Hao, rehabilitation of only 34 of the 143 LRV trucks, is being requested under the proposed Amendment One to the agreement with AnsaldoBreda because the maximum amount of the American Reinvestment and Recovery Act (ARRA) grant funds available is \$12,100,000.
- The proposed Amendment One is the result of direct negotiation rather than competitive bidding for a sole source award. Under Federal ARRA grant funding guidelines, a cost analysis must be performed prior to the award of a sole source award, such that the SFMTA previously contracted with Booz Allen Hamilton to perform the required cost analysis. The cost analysis found that AnsaldoBreda's proposed cost to rehabilitate one LRV truck was \$352,849, which is only \$2,333, more than Booz Allen Hamilton's estimate of \$350,515. Booz Allen Hamilton concluded that AnsaldoBreda's bid was reasonable.

Fiscal Impact

- The proposed \$11,996,867 increase in the existing agreement would be funded entirely with ARRA grant funds awarded to the SFMTA from the Federal Transit Administration on April 7, 2010.

Recommendation

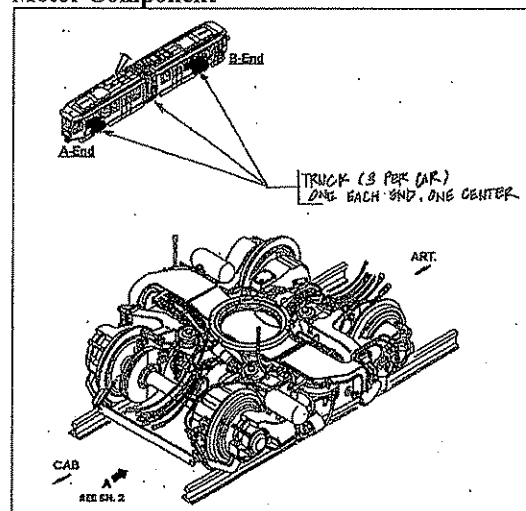
- Approve the proposed resolution.

BACKGROUND

The San Francisco Municipal Transportation Agency (SFMTA) operates a fleet of 151¹ light rail vehicles (LRVs) that were manufactured by AnsaldoBreda. These LRVs were phased into service starting in 1997, and each LRV has accumulated at least 200,000 miles since commencing service. The AnsaldoBreda overhaul manual recommends scheduled rehabilitation of the LRV trucks every 200,000 miles.

According to Mr. Elson Hao, SFMTA Principal Engineer, each LRV is equipped with three trucks, including two motor trucks and one trailer truck. The two motor trucks contain traction motors which propel the LRV forward. In addition, all three trucks are equipped with suspension systems that support the vehicle load and provide a comfortable ride for passengers. Figure 1 below shows an enhanced picture of a truck as well as their relative locations on the LRV.

Figure 1: Light Rail Vehicle (LRV) Truck and Motor Component



Existing Agreement with AnsaldoBreda for LRV Component Systems Overhaul

On June 17, 2008, the SFMTA's Board of Directors approved a capital improvement project for the rehabilitation of SFMTA's AnsaldoBreda LRVs as part of the SFMTA's FY 2009-2013 Capital Improvement Plan (MTA Board of Directors Resolution No. 08-101). On May 6, 2009, the SFMTA issued a Request for Proposal (RFP) for a new agreement to rehabilitate key components on 143 Breda LRVs including (a) reconditioning doors and steps systems, (b) rehabilitating the couplers systems, the air supply units, and the PSC2 cables that transmit communications and control signals, (c) upgrading the articulation wire harness, (d) replacing the resilient pins in the articulation wire harnesses that allow the articulation section to move freely up and down and (e) replacing the bearings in the traction motor. The scope of work under this RFP did not include the rehabilitation of LRV trucks.

¹ Mr. Hao, SFMTA Principal Engineer, advised that the SFMTA fleet includes 151 LRVs, but eight of these LRVs are out of service, thus the total number of LRVs currently in operation is 143.

AnsaldoBreda was the only firm that submitted a proposal to the SFMTA, and SFMTA entered into negotiations with AnsaldoBreda on August 14, 2009. On September 15, 2009, the SFMTA Board of Directors authorized the SFMTA Executive Director to execute a not-to-exceed \$56,752,554 agreement with AnsaldoBreda, for the five-year term from October 29, 2009 through October 28, 2014 (SFMTA Board of Directors Resolution No. 09 – 173). On October 29, 2009, the Board of Supervisors approved this agreement (Resolution No. 403-09). Under the existing agreement, AnsaldoBreda has begun rehabilitating the 143 LRV components in AnsaldoBreda's facility in Pittsburg, California.

New Funding and Work Associated with Proposed Amendment One

On March 5, 2010, the Federal Transit Administration (FTA) awarded an additional \$12,100,000 of American Reinvestment and Recovery Act (ARRA) grant funds² to SFMTA. These ARRA grant funds were originally for the Oakland Airport Connector project, which has now been placed on hold. On April 6, 2010, the SFMTA Board of Directors approved the proposed Amendment One authorizing SFMTA to rehabilitate the trucks of 34 LRVs at a cost of \$11,996,867 using the \$12,100,000 in ARRA funds, and increasing the agreement amount between MTA and AnsaldoBreda to the not-to-exceed amount of \$68,749,421 (Resolution No. 10-042). Mr. Hao advised that the likelihood that SFMTA will receive additional ARRA funds for LRV truck rehabilitation is uncertain, but advised that SFMTA continues to monitor the potential availability of ARRA funding.

DETAILS OF PROPOSED LEGISLATION

The SFMTA is now requesting to amend the existing five-year agreement with AnsaldoBreda (Amendment No. One) to provide for the rehabilitation of LRV trucks on 34 of the total 151 LRVs. The proposed Amendment No. One would (a) increase the agreement's not-to-exceed limit by \$11,996,867, from \$56,752,554 to \$68,749,421, and (b) extend the term by one year, through October 29, 2015.

According to Mr. Hao, the LRV trucks (the wheel and suspension components of the LRVs) on all 143 LRVs in the active SFMTA fleet currently require rehabilitation. Work to rehabilitate the trucks includes replacing the steel tires, shock absorbers, journal axle bearings, primary and secondary suspension, overhauling traction motors, gear boxes, brake calipers and track brakes.

Extension of the Term For One Year

² On February 17 2009, the U.S. American Recovery and Reinvestment Act of 2009 (ARRA) was enacted, which provides \$787 billion in investments and tax cuts designed to help the national economy. Of the \$787 billion in ARRA funds, the U.S. Department of Transportation, Federal Transit Administration was allocated \$8.4 billion for transit capital improvements. The SFMTA received \$68,178,275 of the \$8.4 billion for transit capital improvements. Of the \$68,178,275, which is the total amount of ARRA funds initially awarded to the SFMTA, the SFMTA is using \$15 million for rehabilitating Breda LRVs under the existing AnsaldoBreda agreement. The other funding sources for the existing agreement are LRV Rehabilitation Funds, LRV Procurement Project Funds, and California State I-Bonds. All of the proposed \$11,996,867 increase to the AnsaldoBreda agreement will be funded from an additional available \$12,100,000 of ARRA grant funds.

The existing five-year agreement between the SFMTA and AnsaldoBreda expires in October 28, 2014. Mr. Hao advised that the request for a one year extension to the existing agreement from October 28, 2014 to October 28, 2015 is necessary because performing the scheduled rehabilitation of 34 LRV trucks will add approximately six to nine months of work to the original scope of the agreement. Also, materials required to rehabilitate or replace the LRV trucks are not readily available and need to be ordered from manufacturers, which AnsaldoBreda estimates may require up to an additional six months.

FISCAL IMPACTS

The proposed resolution would increase the existing not-to-exceed \$56,752,554 agreement between the SFMTA and AnsaldoBreda by \$11,996,867, an increase of 21.1 percent, to a total not-to-exceed agreement of \$68,749,421. The proposed \$11,996,867 increase in the existing agreement would fund needed rehabilitation work for 34 LRV vehicles from additional available ARRA grant funds totaling \$12,100,000. Based on an estimated cost of \$352,849 per LRV to perform needed rehabilitation work, the rehabilitation of 34 LRV trucks would cost \$11,996,866 ($\$352,849 \times 34$ LRVs) or \$103,134 less than the \$12,100,000 of available ARRA grant funds.

As discussed above, the proposed LRV truck rehabilitation work is in accordance with the recommendations of the manufacturer, AnsaldoBreda, that LRVs undergo regularly-scheduled maintenance every 200,000 miles. Mr. Hao advises that this maintenance work is expected to make SFMTA operations more efficient by reducing the need to perform expensive corrective maintenance, such as parts replacement and/or reducing the need to take LRVs out of service due to truck parts failure. However, Mr. Hao could not estimate the anticipated annual maintenance or operational savings that would be realized by the SFMTA from conducting the proposed LRV truck rehabilitation on 34 LRVs.

POLICY CONSIDERATION

The proposed Amendment One is the result of direct negotiation rather than competitive bidding or completing the work using SFMTA staff.

According to Mr. Hao, SFMTA considered two alternatives before requesting the proposed Amendment One to the agreement with AnsaldoBreda.

First, the SFMTA considered issuing a new RFP to rehabilitate the 34 LRV trucks. However, SFMTA determined that because AnsaldoBreda was the only proposer for the existing LRV key components agreement, AnsaldoBreda would also likely be the sole proposer if a new RFP were issued. Furthermore, SFMTA determined that because the 34 LRVs, including the trucks, were already in AnsaldoBreda's facility in Pittsburg, California undergoing work based on the existing agreement with the SFMTA, to relocate the trucks from AnsaldoBreda's facility to another location would result in significant increased costs and unacceptable delays.³

³ According to Mr. Hao, Federal law allows for sole source awards if undergoing a competitive process would likely result in (a) only one bid, (b) substantial increased cost, or (c) unacceptable delay in the project.

Second, SFMTA considered performing the work in-house with SFMTA employees. However, SFMTA determined that performing this amount of rehabilitation work in-house would take away valuable resources (personnel, parts and materials, facility space) needed to perform other SFMTA scheduled preventive maintenance and as-needed repairs to the LRV fleet.

After considering the two alternatives above, Mr. Hao advises that SFMTA concluded that the preferred alternative was to enter into a sole-source amendment to the existing agreement (which had been previously awarded under a competitive RFP process) with Ansalobreda to provide the needed LRV truck rehabilitation work. Mr. Hao advised that because the proposed Amendment One would be a sole source modification, a cost analysis was required in accordance with Federal guidelines.⁴ Mr. Hao advised that SFMTA has an existing as-needed engineering consulting services contract in the amount of \$5,000,000 with Booz Allen Hamilton, which was previously awarded to Booz Allen Hamilton through an RFP process.⁵ Therefore, SFMTA contracted with Booz Allen Hamilton to perform the required cost analysis.

The results of the cost analysis are shown in Table 1 below.

| Table 1: Cost Analysis | | |
|------------------------|---------------------------------------|---|
| Items | Ansalobreda Proposal: Cost Per LRV | Booz Allen Hamilton Estimate: Cost Per LRV |
| New Material | \$147,647 | \$232,299 |
| Overhaul Items | 85,280 | Included in cost of materials |
| Labor | 55,250 | 96,148 |
| Other Costs | 16,163 | Included in cost of labor |
| Profit | 29,884 | Included in cost of labor |
| Sales Tax | 18,625 | 22,068 |
| Total | \$352,849 | \$350,515 |

As shown above in Table 1, Ansalobreda's proposed cost per LRV rehabilitation is \$352,849 per LRV, which is \$2,334, or 0.67% more than Booz Allen Hamilton's cost estimate of \$350,515 per LRV. Given that the difference was less than one percent, Booz Allen Hamilton concluded that Ansalobreda's proposal was reasonable.

RECOMMENDATION

Approve the proposed resolution.

⁴ In accordance with Federal Transit Administration (FTA) circular C4220.1F, sole source agreements require a cost analysis be conducted for all FTA-funded projects, including projects funded with ARRA grants.

⁵ In accordance with Charter Section 9.118(b), the agreement with Booz Allen Hamilton did not require approval of the Board of Supervisors because (a) the Agreement term period is under ten years, and (b) the Agreement amount was under \$10,000,000. Therefore, SFMTA's contract with Booz Allen Hamilton for as-needed engineering consulting services in the not-to-exceed amount of \$5,000,000 was not subject to Board of Supervisors approval.

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness 7th Floor
San Francisco, California 94107**

**Amendment One to
Agreement between the City and County of San Francisco and
AnsaldoBreda Inc.**

LRV Doors and Steps Reconditioning and Systems Rehabilitation

This Amendment is made this _____ day of _____, 2010, in the City and County of San Francisco, State of California, by and between: AnsaldoBreda Inc., a Delaware corporation ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"); acting by and through its San Francisco Municipal Transportation Agency ("SFMTA") (collectively, the "Parties").

Recitals

A. On or about October 29, 2009, City and Contractor entered into Contract No. APT 591-01 for reconditioning the doors and steps and rehabilitating systems in 143 of SFMTA's light rail vehicles ("Contract" or "Agreement").

B. The Parties wish to amend the Contract to incorporate rehabilitation of _____ of the LRV trucks, as well as to correct errata and make several administrative changes to the Contract.

NOW, THEREFORE, Contractor and the City agree as follows:

1. **The Definitions section of the Agreement is deleted and replaced with the following:**

Definitions

Where any word or phrase defined below, or a pronoun used in place thereof, is used in any part of the contract documents, it shall have the meaning set forth herein.

Acceptance: The formal written acceptance by the City and County of San Francisco that all work, or a specific portion thereof, under the contract has been satisfactorily completed.

Award: Notification from the City to Contractor of acceptance of Contractor's proposal, subject to the execution and approval of a satisfactory Contract therefore and bond to secure the performance thereof, and to such other conditions as may be specified or otherwise required by law:

Certification: Certification by the Controller that funds necessary to make payments as required under the contract are available in accordance with the City's Charter.

City: City and County of San Francisco, a municipal corporation.

Conditional Acceptance; Conditionally Accepted: The condition of a repaired Vehicle that, in the SFMTA's determination, does not meet the requirements for full acceptance, but is authorized by the SFMTA to enter into revenue service, pending completion of all repairs.

Conformed Contract Documents: The contract documents revised to incorporate information included in the Contractor's Proposal and accepted by the City.

Contract; Agreement: The written Contract executed by the City and Contractor, covering the performance of the work and furnishing of labor, materials, equipment, tools, and services, including work incidental to the procurement, to include the RFP, Technical Specifications, all Conformed Contract Documents, Contractor's Proposal, the Contract bonds or other security, and all supplemental agreements entered into.

Contract Modification: A written order, issued by the City to Contractor, covering changes in the Contract documents within the general scope of the Contract and establishing the basis of payment and time adjustments for the work affected by the changes.

Contractor; Consultant: The Proposer to whom award is made.

Controller: Controller of the City.

Corrective Action Plan: The plan submitted by Contractor to correct Defects that have been determined by the SFMTA to be Fleet Defects, as defined in Section 65.7(a).

Days: Unless otherwise designated, the word "days" refers to working days of the City.

Defect(s): Patent or latent malfunctions or failure in manufacture or design of any component or subsystem.

Director of Capital Programs and Construction: The Division Director in charge of the Capital Programs and Construction Division of the SFMTA.

Engineer: The SFMTA Resident Engineer assigned to the Contract or designated agent.

LRV or Vehicle: A light rail vehicle subject to repair under this Contract.

Muni: The San Francisco Municipal Railway, the public transit system of the City under the supervision and control of the San Francisco Municipal Transportation Agency.

Notice To Proceed: A written notice to the Contractor of the date on which it shall begin prosecution of the work to be done under the contract.

Proposal: The technical and management information and prices submitted in response to the Request for Proposals.

Request for Proposals; RFP: The Request for Proposals issued by the SFMTA on May 6, 2009, for LRV Doors, Steps and Systems Rehabilitation.

Senior Program Manager: The SFMTA staff person assigned to manage the Contract for the SFMTA, or designated agent.

SFMTA: The San Francisco Municipal Transportation Agency, an agency of the City with responsibility for the Municipal Railway Department and Parking and Traffic.

Subcontractor: Any individual, partnership, firm, or corporation, which undertakes integrally on the Project the partial or total design, manufacture, or performance of one or more items of work under the terms of the contract. As used herein, the terms subcontractor and supplier are synonymous.

Technical Specifications: The specifications, provisions, and requirements that detail the work and the materials, products (including the methods of manufacture, construction, assembly, and testing), and other requirements relative thereto.

Work: The furnishing of all labor, supervision, services, products, materials, machinery, equipment, tools, supplies, and facilities and the performance of all requirements called for by the Contract and necessary to the completion thereof.

Work Program: The plan submitted by Contractor to correct a declared Fleet Defect in all LRVs that have not experienced the Defect.

2. Section 2 of Agreement (Term of the Agreement) is amended to read as follows:

2. Subject to Section 1, this Agreement shall commence on the Effective Date and terminate five years thereafter.

3. Section 5 (Compensation) is deleted and replaced with the following:

5. Compensation

5.1 **Amount of Contract.** In no event shall the amount of this Agreement exceed _____ Dollars (\$ _____)

5.2 **Price Breakdown.** The breakdown of costs associated with this Agreement appears in the Price Schedule (Exhibit C) and Payment Schedule (Exhibit D), incorporated by reference as though fully set forth herein. The unit prices in Exhibit C represent the costs for each Vehicle if the Vehicle requires the entire scope of Work listed in Item Nos. 1.1 through 1.6. However, if after inspection of a Vehicle pursuant to Section TP10.03 of the Technical Specifications and design review under Section 61.4, the SFMTA determines that the Vehicle requires only a portion of the scope of Work in a particular Item No., the unit price of the Item No., and the resultant cost of the Work on each Vehicle, shall be reduced after negotiations with Contractor.

5.3 **SFMTA Approval of Work.** No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by SFMTA as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

5.4 **No Interest; Price Adjustments.** In no event shall City be liable for interest or late charges for any late payments. City will not make price adjustments to this Contract to protect Contractor from economic inflation.

4. Section 15.1(d) is amended to read as follows:

All policies (and bonds, as described in Section 15.2 below) shall provide 30 days' advance written notice to City of cancellation or reduction in coverage for any reason, mailed to the following address:

San Francisco Municipal Transportation Agency
1 South Van Ness Avenue,
3rd Floor San Francisco, CA 94103
Attention: Elson Hao
Contract No. APT 591-01 (CCO.09-1076)

5. Section 49 (Authority of Engineer) is amended to read as follows:

The Engineer shall decide all questions, which may arise as to the quality or acceptability of materials furnished and work performed and as to the manner of performance and rate of progress of the work; all questions, which may arise as to the acceptable fulfillment of the Contract on the part of the Contractor; and all questions as to compensation. In discharging the responsibilities outlined above, the Engineer shall at all times act fairly and reasonably. Any appeal of the Engineer's decisions shall be in accordance with the provisions of Section 55 of this Agreement. As with any claim, change, extra or additional work, Contractor shall be paid in accordance with the payment provisions of this Contract when the dispute is finally resolved.

Should any questions arise as to the meaning and intent of the Contract, the matter shall be referred to the Engineer, who, with input from SFMTA staff and from the Contractor, shall decide the true meaning and intent of the Contract. The Engineer's decision in this regard shall be administratively final and conclusive.

6. **Sections 55.2 (Resolution of Disputes) and 55.3 (No Cessation of Work) are amended to read as follows:**

55.2 Resolution of Disputes. Disputes arising in the performance of this Agreement that are not resolved by negotiation between the SFMTA Liaison and Contractor shall be decided in writing by the SFMTA Manager of Project Management. The decision shall be administratively final and conclusive unless within ten (10) days from the date of such decision, the Contractor mails or otherwise furnishes a written appeal to the Chief Operating Officer, or his/her designee. In connection with such an appeal, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the Chief Operating Officer shall be administratively final and conclusive. This section applies to all disputes unless a specific provision of this Agreement provides that the Engineer's decision as to a particular dispute is final.

55.3 No Cessation of Work. Pending final resolution of a dispute hereunder, the Contractor shall proceed diligently with the performance of its obligations under this Agreement in accordance with the written directions of the Engineer.

7. **Subsection (b) (Remedy) of Section 64.7(Fleet Defects) is amended to read as follows:**

(b) Remedy. The Contractor shall correct a fleet defect under the warranty provisions defined in "Repair Procedures" (Section 65). Within 30 days of receipt of notification of a Fleet Defect, the Contractor shall provide the SFMTA with a Corrective Action Plan, subject to approval by SFMTA, specifying how and when all LRVs with Defects shall be corrected. No later than 10 days after correcting the Defects, the Contractor shall submit a proposed Work Program reasonably designed to prevent the occurrence of the same Defect in all LRVs remaining to be repaired, and, if applicable, spare parts purchased under this Contract. The Work Program shall specify how and when the corrective work in all remaining LRVs will be performed. If SFMTA requires changes to a Corrective Action Plan or Work Program in order to approve it, Contractor shall submit the revised Plan or Program within five days after SFMTA requests such changes. Where the specific Defect can be solely attributed to particular identifiable part(s), the Work Program shall include redesign and/or replacement of only the defectively designed and/or manufactured part(s). In all other cases, the work program shall include inspection and/or correction of all of the LRVs in the fleet via a mutually agreed to arrangement. Any Contractor-proposed changes to a Fleet Defect Corrective Action Plan or Work Program must be submitted to the SFMTA for approval. If (a) Contractor does not provide a Corrective Action Plan or Work Program within the time specified above (or as extended by SFMTA), or (b) Contractor does not submit revisions to a Corrective Action Plan or Work Program as requested by the SFMTA, or (c) Contractor does not fully correct a specific declared Fleet Defect within the time specified in the Corrective Action Plan or in the Work Program, SFMTA will assess liquidated damages in accordance with Section 19 of this Agreement.

8. **The Technical Specifications are amended to add Section TP05M1 Truck and Suspension Systems, which is attached to this Amendment and incorporated by reference as though fully set forth.**

CITY

Municipal Transportation Agency

Nathaniel P. Ford Sr.
Executive Director/CEO

Municipal Transportation Agency

Board of Directors

Resolution No. _____


Dated: _____

Attest:

Secretary

Approved as to Form:

Dennis J. Herrera
City Attorney

By 
Robin M. Keitzes
Deputy City Attorney

Board of Supervisors

Resolution No. _____

Dated: _____

Attest:

Clerk of the Board

CONTRACTOR

AnsaldoBreda Inc.

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Lorenzo Reffreger
Vice President, Marketing, Sales and Service
1461 Loveridge Road
Pittsburg, CA 94565

City vendor number: 41208

Gavin Newsom | Mayor

Tom Nolan | Chairman

Dr. James McCray Jr. | Vice-Chairman

Cameron Beach | Director

Shirley Breyer Black | Director

Malcolm Heinicke | Director

Jerry Lee | Director

Bruce Oka | Director

Nathaniel P. Ford Sr. | Executive Director/CEO

MEMORANDUM

To: Honorable Members of the Board of Supervisors

Through:  Nathaniel P. Ford Sr.
Executive Director/CEO 
San Francisco Municipal Transportation Agency

From: Carter R. Rohan, R.A. 
Director of Capital Programs and Construction
San Francisco Municipal Transportation Agency

Subject: Request for Approval of Amendment One to Contract No. APT 591.01 –
LRV Doors and Steps Reconditioning and Systems Rehabilitation

Date: April 7, 2010

Executive Summary

The San Francisco Municipal Transportation Agency ("SFMTA") requests that the Board of Supervisors approve Amendment One to Contract No. APT 591.01, LRV Doors and Steps Reconditioning and Systems Rehabilitation, between the City and AnsaldoBreda Inc. The amendment is for the rehabilitation of the trucks of 34 LRVs, at a cost of \$11,996,867, for a total contract amount not to exceed \$68,749,421. The amendment will also extend the term of the contract from five years to six years. The cost for the rehabilitation of the trucks will be funded from an ARRA grant.

This rehabilitation is needed to sustain and improve the reliability of the LRV fleet and to reduce the overall maintenance life cycle cost of the fleet.

Background

On May 6, 2009, the SFMTA issued an RFP for the Contract. The project was funded partially with ARRA grants. Only AnsaldoBreda, the manufacturer of SFMTA's LRV fleet, responded to the RFP.

On September 15, 2009, the SFMTA Board of Directors adopted Resolution No. 09-173, which authorized the Executive Director/CEO to execute the Contract with AnsaldoBreda, for a total amount not to exceed \$56,752,554, and for a term not to exceed five years. On October 29, 2009, the Board of Supervisors adopted Resolution No. 403-09, approving the Contract.

Work has begun on the project in AnsaldoBreda's facility in Pittsburg, California.

Recently, the FTA made available to the SFMTA \$12.1 million of ARRA grant funds, diverted from the Oakland Airport Connector project. The SFMTA had previously submitted the Truck Rehabilitation Project as one of the projects it wishes to perform with ARRA funds. The availability of the new allotment of ARRA funds will allow the SFMTA to partially fund the Truck Rehabilitation Project.

On April 6, 2010, the SFMTA Board of Directors adopted Resolution No. 10-042, which approved this Amendment.

DESCRIPTION OF WORK:

The SFMTA operates a fleet of 151 light rail vehicles that were manufactured by AnsaldoBreda. These LRVs were phased into service starting in 1997. The LRVs have accumulated between 200,000 to 400,000 miles since entering revenue service.

Each LRV is equipped with three trucks (two motor trucks and one trailer truck - See Fig. 1). The trucks, equipped with suspension systems, support the vehicle loads and provide a comfortable ride for passengers. The two motor trucks, which contain traction motor units, are located under each of the vehicle sections and the trailer truck is located under the articulation section.

The AnsaldoBreda overhaul manual recommends scheduled replacement or overhaul of the major components of the trucks every 200,000 or 400,000 miles depending on the component. The Truck Rehabilitation Project will enable the SFMTA to perform the scheduled replacement or overhaul of truck components in 34 vehicles in accordance with the recommendations of the manufacturer.

Depending on the component or sub-assembly of the truck, the Contractor shall remove, replace in-kind and/or overhaul and re-install the components and sub-assemblies of the LRV trucks as enumerated below:

A) 100% Replacement

1. Journal axle bearings
2. Shock absorbers
3. Grounding cables
4. Primary suspension (latest configuration)
5. Secondary suspension (air bags)
6. Brake caliper suspension bushings
7. Pilot bar/antenna bar mounts (latest configuration)
8. Leveling valve and hardware
9. Air hoses (Knorr)
10. Knorr test fittings (cut-out cock)
11. Wiring harnesses
12. Traction rod rubber element
13. Flexible pads (GE)
14. Connecting rod rubber elements GE
15. Miscellaneous rubber components
16. Lateral bump stop
17. Slewing Ring
18. Lubrication
19. Truck cleaning and waste disposal

B) As- Needed Replacement (estimated percentage of parts to be replaced)

1. Steel tires, rubber isolators and shunts (50%)
2. Ground brush assemblies (10%)
3. Gear unit coupling (both halves and sleeves) (35%)
4. Antenna receiver/transmitter (Alcatel) (10%)
5. Tachometers (10%)
6. Brake disc (15%)
7. Drive axles (10%)
8. Idler axles (10%)
9. Aluminum wheel centers (10%)
10. Miscellaneous hardware replacement (35%)
11. Air tanks (2%)
12. Air fittings and piping (25%)

C) Overhaul of Assemblies

1. Motors (power truck)
2. Gear units and coupling (power truck)
3. S AV valves
4. Brake calipers
5. Track brakes springs and guides

Alternatives Considered

Two alternatives were considered. First, the SFMTA considered issuing a new RFP to rehabilitate the trucks. However, since AnsaldoBreda was the only proposer for the LRV Doors and Steps contract, the company would likely be the sole proposer if a new RFP were issued. Moreover the trucks will already be in AnsaldoBreda's facility, removed from the vehicles and partially disassembled. Issuing a new RFP, even if another proposer were to bid on the contract, would result in the SFMTA incurring substantial duplication of costs and unacceptable delays in implementing the project and returning the LRVs to revenue service. Moreover, expenditure of funds in issuing a new RFP would decrease the number of trucks that could be rehabilitated. Because of these inefficiencies and the likelihood of no competition, the SFMTA was able to justify a sole source procurement of this work under federal guidelines.

The other alternative was to perform the work in-house; however, performing this amount of overhaul work in-house would take away valuable resources (personnel, parts and materials, facility space) that are needed to perform scheduled preventive maintenance and as-needed repairs to the fleet.

FUNDING IMPACT:

There is no impact to SFMTA's maintenance and operating budget, since this amendment will be funded entirely with ARRA grant funds. However, in order not to forfeit this money, the funds will have to be committed to a project by June 30, 2010.

Recommendation

SFMTA requests that the Board of Supervisors approve Amendment One to Contract No. APT591.01, to perform complete rehabilitation of the trucks of 34 LRVs at a cost of \$11,996,867, for a total contract amount not to exceed \$68,749,421, with a contract extension of one year.

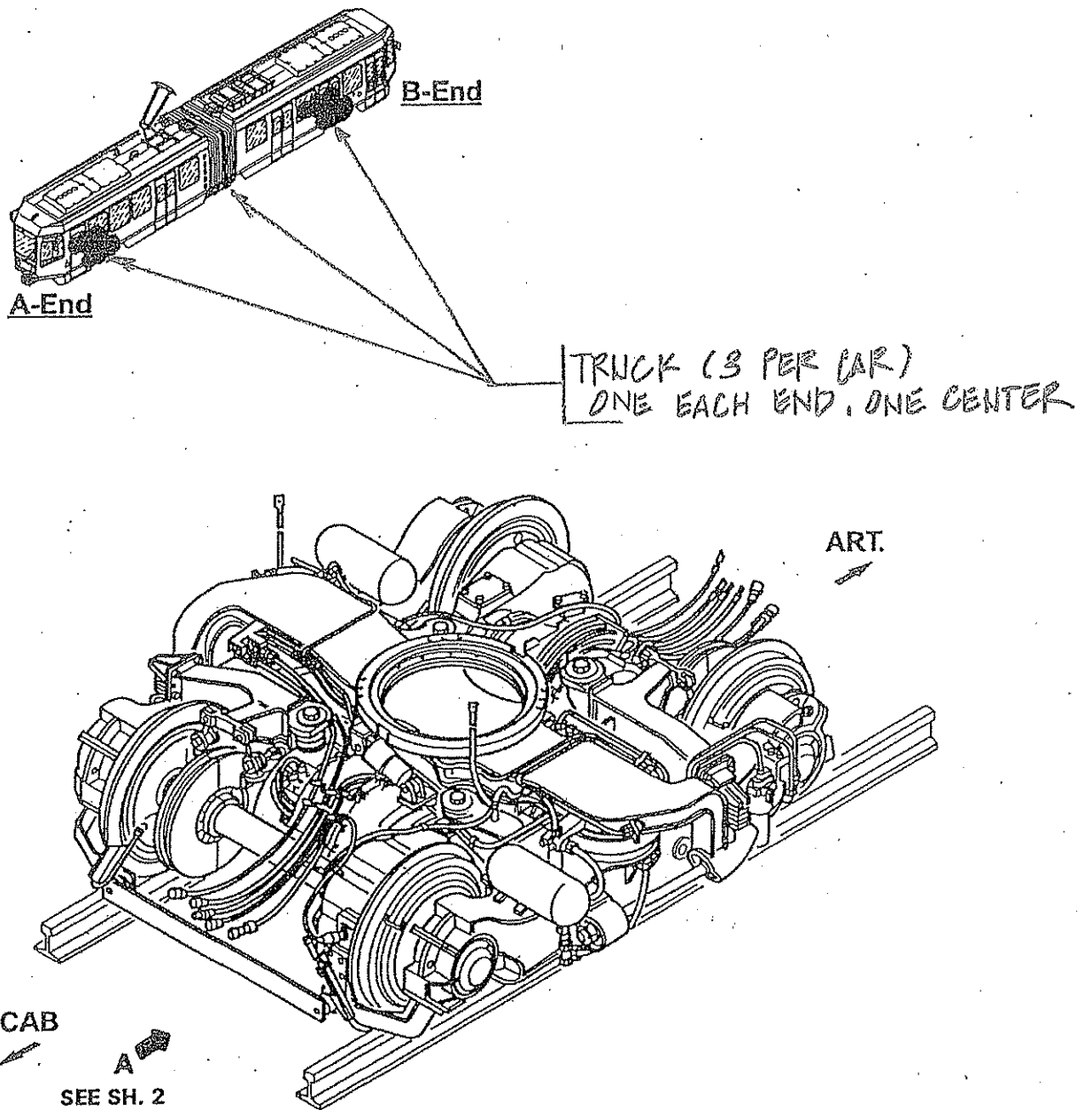


Fig. 1 Motor Truck Assembly

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

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| City Elective Officer Information <i>(Please print clearly.)</i> | |
| Name of City elective officer(s): San Francisco Board of Supervisors | City elective office(s) held: City and County of San Francisco; Members, San Francisco Board of Supervisors |
| Contractor Information <i>(Please print clearly.)</i> | |
| Name of contractor: AnsaldoBreda Inc | |
| <i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> | |
| (1) Salvatore Bianconi, Andrea Pepi, Alessandro Toci, Stephen Bryen, Giancarlo Fantappiè (2) Giancarlo Fantappiè (CEO), Tiziano Sitta (CFO), Mike Loundes (COO) (3) AnsaldoBreda Inc is a 100% owned subsidiary of AnsaldoBreda SpA, Pistoia Italy (4) Dellner Couplers Inc, Wabtec Corp, Knorr Brake Corp, Digi-Com Electronics, Electro Wire Inc. (5) None | |
| Contractor address: 1461 Loveridge Rd, Pittsburg CA 94565 | |
| Date that contract was approved: | Amount of contract: \$11,996,867 |
| Describe the nature of the contract that was approved: SFMTA LRV Doors & Steps & System Reconditioning (APT 591-01, CCO No. 09-1076) – Amendment No. 1 | |
| Comments: The total contract amount is now \$68,749,421 (\$56,752,554 + \$11,996,867) | |

This contract was approved by (check applicable):

the City elective officer(s) identified on this form (Mayor, Gavin Newsom)
 a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

| | |
|---|---------------------------------|
| Filer Information <i>(Please print clearly.)</i> | |
| Name of filer: | Contact telephone number: () |
| Address: | E-mail: |

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed