

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0173

AWARD CONTRACT NO. 8838, AIRTRAIN OPERATIONS AND MAINTENANCE, TO BOMBARDIER TRANSPORTATION (HOLDINGS) USA, INC., IN THE AMOUNT OF \$56,500,000 FOR A FIVE-YEAR TERM.

- WHEREAS, on April 8, 2008, City and County of San Francisco, Bombardier Transportation (Holdings) USA, Inc. (Bombardier), and Factory Mutual Insurance Company agreed to settle their disputes which were part of a lawsuit filed in the United States District Court for the Northern District of California, case number C 04-5307 PJH by providing for, among other things, cost recovery of damages suffered by the Airport as a result of the accident of August 4, 2002 during testing of the AirTrain system prior to opening (the Agreement); and,
- WHEREAS, one of the terms of the Agreement provides the Airport with full cost recovery of its remaining damages stemming from the accident through negotiating a favorable contract with Bombardier for an initial five (5) year fixed term at \$11,300,000 for the first year, escalated thereafter for the life of the contract, based on the economic price adjustment formula utilized in the original 5703.A – AirTrain System, Phase II (O&M) contract; and,
- WHEREAS, an automatic renewal of an additional three-year fixed term will be awarded to Bombardier, pending their meeting certain performance criteria as contained in the new contract; and,
- WHEREAS, the Commission will have the discretion to exercise two (2) one-year options following the expiration of the three-year fixed period, with training requirements of Airport-designated personnel, which provides the opportunity for the Airport to transition O&M services from Bombardier to the Airport; and,
- WHEREAS, as a result of the proprietary nature of the AirTrain automated train control system, following the transition to Airport Staff of the O&M services, the Airport will continue to contract with Bombardier as the sole-source provider of technical support and parts supply for a majority of the systems of AirTrain; and,
- WHEREAS, Airport Staff has also negotiated new contract terms which provide for an increased focus on passenger service and system reliability, as well as negotiated, value-added services at no additional cost; and
- WHEREAS, PGH Wong Engineering Inc., an independent firm, recently performed an analysis of the contract terms and conditions, and concluded that this agreement provides significant cost incentives which allow the Airport to fully recover its damages, and that the sole source award is in the best interest of SFO and provides the Airport with critical advantages and risk mitigations which cannot be provided by other contractors; and,
- WHEREAS, funding for this contract will be provided from the Airport's Operating budget; and,
- WHEREAS, Airport Staff, with the assistance of the City Attorney, has assisted in the negotiations and preparation of Contract #8838; and,
- WHEREAS, the HRC has determined that Bombardier Transportation is in compliance and responsive to Chapter 14B and its LBE requirements; and,

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- WHEREAS, the San Francisco Administrative Code requires Board of Supervisors approval of all settlements of litigation, and award of non-construction contracts in excess of \$10M; now, therefore be it
- RESOLVED, that the Commission hereby awards Contract 8838, AirTrain Operations and Maintenance, to Bombardier Transportation (Holdings) USA, Inc., for a five-year contract in the amount of \$56,500,000, and approves a contingency budget of \$500,000 for payment of incentive bonuses and other changes during Year 1 of the new contract, all subject to Board of Supervisors approval of the Agreement and award of this contract; and, be it further
- RESOLVED, that the City Attorney's Office, the Commission Secretary, and the Airport Director, are authorized to take such other actions as are appropriate to implement this award of contract, including seeking the award of this contract by the San Francisco Board of Supervisors.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of SEP 16 2008


Secretary