



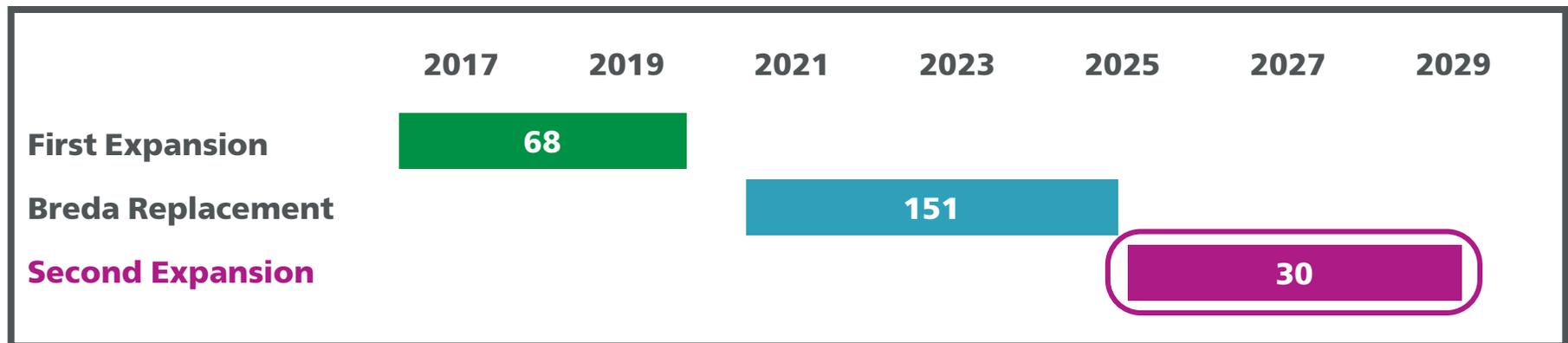
LRV4 Procurement

Project Update and Request to Exercise Option 2

September 8, 2021 Budget & Finance Committee

Summary of Action Today

- Seeking approval of Contract Modification No. 10 to exercise Option 2 for additional 30 LRV4 vehicles
- Exercising this option now:
 - Maintains our uniform fleet
 - Provides delivery ahead of the anticipated need in 2030
 - Contains no-cost cancellation option
- **Does not increase the previously approved contract value or extend the schedule**



Performance To Date

- 68 expansion vehicles have been accepted + in service
- First Phase 2 vehicle was delivered to SFMTA August 27, 2021
- Updated seating has been installed on first retrofitted train and will be in service this fall
- Issues to date, such as doors and couplers, have been resolved
- LRV4 fleet is performing at a high level of reliability

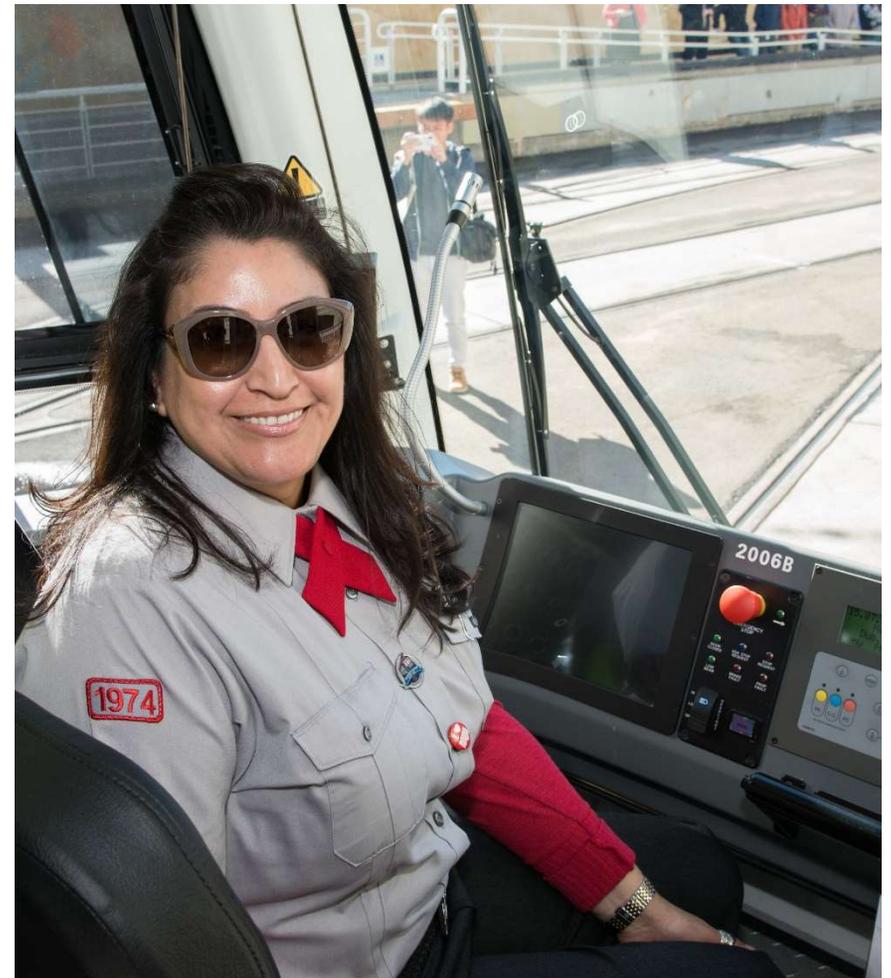


Image: A Muni operator at the LRV4's controls

Reliability

- LRV4 is **delivering** on **reliability targets**
- LRV4 trains are slated to serve San Francisco for 25 years
- Efficient maintenance

Note: LRV4 Contract reliability program paused in April 2020 due to low monthly mileage. The program will restart in the fall. Contractor (Siemens) will need to demonstrate six months at 25,000 MDBF or higher



Finalizing LRV4 Design

- Since their debut, SFMTA has received and utilized feedback on LRV4 design
- Implementing interior design changes across the LRV4 fleet

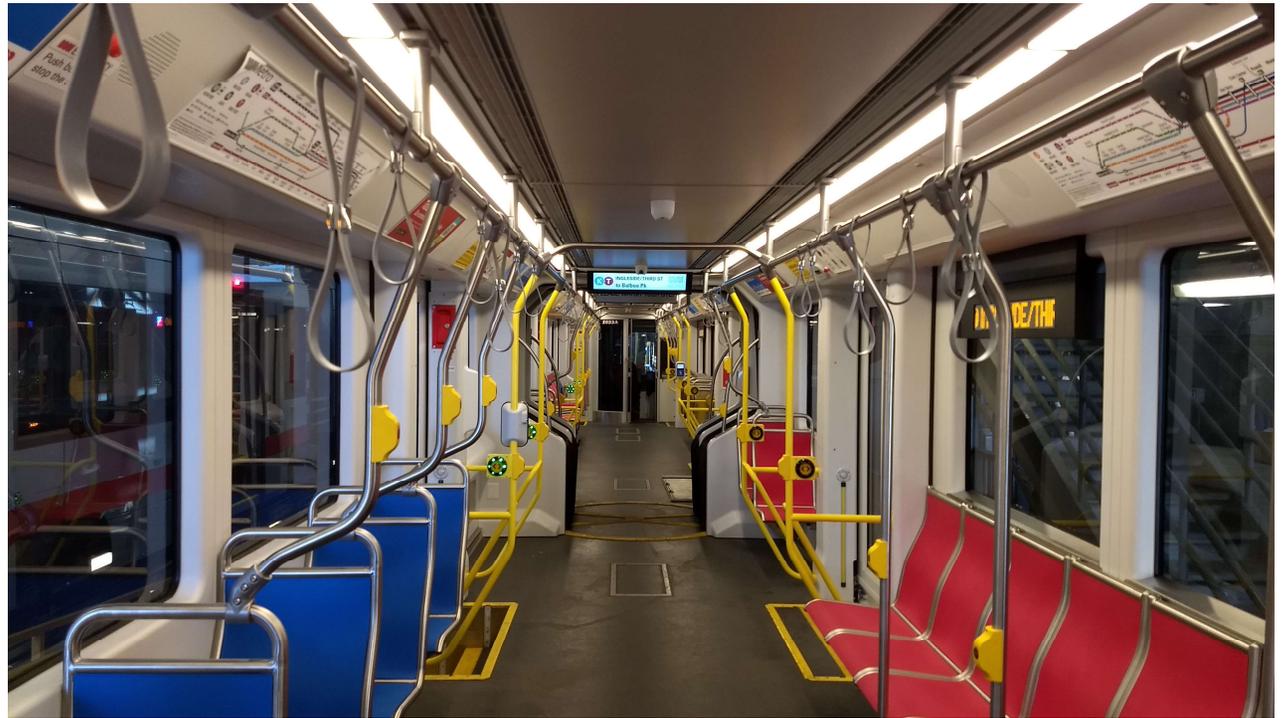


Image: LRV4 interiors, reconfigured based on public feedback

LRV4 Option Opportunity

The Opportunity

- Have option to procure *up to* 45 more LRV4s
- Exercising option has long been agency's plan and goal
- Opportunity expires after September 2021

The Plan

- Approach recognizes current uncertainties around ridership growth
- Staff analysis supports 30 more LRV4s needed to serve anticipated 2030 ridership demand, can be stored and maintained in existing facilities
- Negotiated Option for 30 vehicles, with no-cost cancellation up to June 2025

Low Cost, High Performance

- LRV4s were first bid in the middle of the Great Recession
- Base unit costs well below industry average
- Muni Metros' complexity precludes "off the shelf" trains
- Trains are priced at their original costs (plus escalation)
- Purchasing 30 stand-alone LRVs estimated to cost up to twice as much per vehicle



Image: One of the first LRV4s arrive for delivery

Train Procurement	Costs (2014)
Muni's Siemens LRV4	\$3.7 M
Average New LRV (national)	\$4.6 M
Design & Engineering	\$37 M

Smart Capital Investments = Lower Operating + More Service

- LRV4s provide far more reliable service, reducing operating costs
- Future service options with second expansion:
 - 3-car N Judah
 - 4-car Subway Shuttle
- Uniform fleet minimizes operation costs through uniform parts, storage, and maintenance

Time Period	Vehicles
Breda Fleet (Before Expansion)	151
Service & Central Subway Expansion	219
After 2 nd LRV4 Expansion	249



Image: Testing a 3-car train set on the N Judah

Contract Modification No. 10 Details

- Contract Modification No. 10 cost (\$130 M) details:
 - 30 option vehicles, the per vehicle cost has been re-baselined to include Phase 2 escalation and design enhancements to date (\$119,345,580 plus escalation)
 - Max allowance for a production restart fee if Phase 2 production is complete (\$11,064,200 *with proof of costs*)
- The final cost will be determined once the delivery dates are determined and SFMTA issues the Release for Production Notice and final escalation is calculated
- This modification does not increase the total contract price or the term of the contract

Funding Plan

- Option 2 does not utilize current operating funds and no funding spent until vehicles enter production
- The LRV4 project is well-qualified for known and recurring funding sources, as demonstrated by past funding

LRV4 Allocations to Date	To FY 2021
Bay Area Toll Authority	\$59,118,014
CCSF Educational Revenue Augmentation Fund	\$19,247,904
Central Subway	\$16,800,000
FTA Section 5307	\$10,227,539
Market and Octavia Developer Fees	\$1,378,000
Mission Rock Developer Fees	\$12,219,467
Prop K Sales Tax	\$191,885,171
SFMTA Other	\$8,000,000
Transit and Intercity Rail Capital Program	\$113,140,000
Total	\$577,066,745

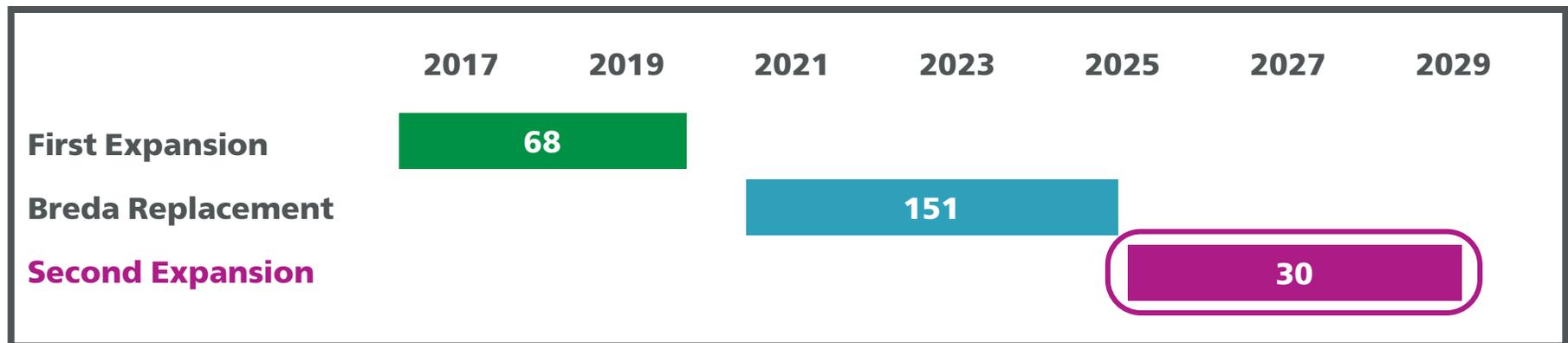
Funding Plan

- **\$577M Previously Allocated Through FY2021**
- **\$1.1B Total Allocated and Programmed Through FY2025**
- **Future Programmed and Targeted Grants & Funding**
 - Developer fees
 - Cap and trade funds
 - Bridget toll funds
 - Proposition K
 - Proposition B set-aside
 - Future revenue measures
- **Backstop of Flexible Funds to Certify Contract**

LRV4 Certification	Amount
FY 2023-24 Prop B Population Baseline Funds	\$36,000,000
FY 2024-25 Prop B Population Baseline Funds	\$50,025,000
FY 2025-26 Prop B Population Baseline Funds	\$44,384,780
Total	\$130,409,780

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SFMTA

Thank you!



SFMTA