

File No. 101301

Committee Item No. 2
Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: November 10, 2010

Board of Supervisors Meeting

Date: 11/16/10

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Analyst Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ethics Form 126
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Contract/Agreement*
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

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Completed by: Victor Young

Date: November 5, 2010

Completed by: Victor Young

Date: 11/12/10

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

2000

2000

1 [Approval of Contract - AnsaldoBreda, Inc. - Repair of Damaged LRVs - Not to Exceed
2 \$32,854,622]

3 Resolution approving Contract No. CPT 626.02, repair of damaged LRVs, between the
4 City and County of San Francisco, through the San Francisco Municipal Transportation
5 Agency, and AnsaldoBreda Inc., to rebuild up to seven damaged light rail vehicles, in
6 an amount not to exceed \$32,854,622, and for a term not to exceed six years, with
7 expenditures limited to \$13,000,000 pending certification of additional funding.
8

9 WHEREAS, Under Contract No. CPT 626.02, Repair of Damaged LRVs, AnsaldoBreda
10 Inc. will rebuild up to seven heavily damaged light rail vehicles (LRVs), which will increase the
11 quantity of LRVs available for the San Francisco Municipal Transportation Agency (SFMTA) to
12 meet both present and future service demands, increase operating revenues, and help the
13 SFMTA to comply with federal funding requirements; and

14 WHEREAS, The scope of work under Contract No. CPT 626.02, a copy of which is on
15 file with the Clerk of the Board of Supervisors in File No. 101301, which is hereby declared to
16 be a part of this motion as if set forth fully herein, includes all labor, inspections, engineering,
17 tools, materials, parts, facilities, equipment required to complete all work, including all required
18 detailed drawings, design calculations and other specified technical documentation in
19 connection with the rebuilding of these systems and the installation of a new propulsion and
20 control system on two LRVs; and

21 WHEREAS, On August 31, 2009, the Executive Director/CEO approved a sole source
22 waiver to award the Contract to AnsaldoBreda; and

23 WHEREAS, SFMTA negotiated a contract with AnsaldoBreda to perform the work
24 specified in the Technical Specifications, including all options, for a total cost of \$32,854,622;
25 and

1 WHEREAS, On May 17, 2010, the Civil Service Commission granted approval for this
2 personal services contract under Notice of Action 4133-09/10; and

3 WHEREAS, Funding for the project will come from Proposition K sales tax funds,
4 California State I-Bonds, SFMTA Operating Funds and insurance proceeds; however,
5 currently, only \$13 million in funding is available for certification; and,

6 WHEREAS, On September 7, 2010, the SFMTA Board of Directors adopted Resolution
7 No. 10-125, which authorized the Executive Director/CEO to execute Contract No. CPT 626,
8 Repair of Damaged LRVs, with AnsaldoBreda Inc., in an amount not to exceed \$32,854,622,
9 and for a term not to exceed six years, with expenditures limited to \$13 million pending
10 certification of additional funding; now, therefore, be it

11 RESOLVED, That the Board of Supervisors approves Contract No. CPT 626.02,
12 Repair of Damaged LRVs, between the City and County of San Francisco, through the San
13 Francisco Municipal Transportation Agency, and AnsaldoBreda Inc., to rebuild up to seven
14 heavily damaged light rail vehicles, in an amount not to exceed \$32,854,622, and for a term
15 not to exceed six years, with expenditures limited to \$13 million pending certification of
16 additional funding.

Item 2
File 10-1301

Department:
San Francisco Municipal Transportation Agency (SFMTA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a new sole-source agreement between the City and County of San Francisco, through the San Francisco Municipal Transportation Agency (SFMTA), and AnsaldoBreda, Inc., to rebuild up to seven damaged light rail vehicles (LRVs) in an amount not-to-exceed \$32,854,622, over a not-to-exceed term of six years, with initial expenditures limited to \$13,000,000 and future expenditures subject to certification by the Controller of additional appropriations by the Board of Supervisors.

Key Points

- The SFMTA operates a fleet of 151 LRVs that were manufactured by AnsaldoBreda. Under an agreement that was previously approved by the Board of Supervisors in 1991 (File No. 984-91) AnsaldoBreda was selected by the SFMTA through a competitive bidding process for the acquisition of the 151 LRVs. These LRVs were phased into service commencing in 1997, and during the past several years, ten of the LRVs have experienced heavy damage from collisions. Two of these LRVs were repaired in July 2010, leaving eight LRVs that still require repair. One damaged LRV will be repaired under the original purchase agreement with AnsaldoBreda for the LRVs. Thus, up to seven of the ten damaged LRVs which are to be repaired, are currently not in service and are being stored in a SFMTA yard.
- The proposed agreement, in an amount not-to-exceed \$32,854,622 and over a not-to-exceed term of six years includes (a) \$30,854,622 to rebuild up to seven damaged LRVs, (b) an option for \$1,000,000 to either purchase additional LRV parts and components for the LRVs which are discovered to require replacement after the vehicle is disassembled or to purchase an enhancement to the vehicle simulator, and (c) another option for \$1,000,000 to repair other LRVs that may become damaged in future accidents that occur up to six months prior to the end of the proposed agreement.
- The scope of work involved with rebuilding the seven LRVs will include (a) restoring damaged structural components, (b) furnishing and installing missing electrical, mechanical and body panel components, (c) testing to verify that the LRVs are service-ready and able to meet SFMTA's operating parameters, (d) transportation to and from AnsaldoBreda's repair facility in Pittsburg, California, and (e) fitting two of the damaged LRVs with new AnsaldoBreda propulsion and control systems.
- The proposed agreement is the result of direct negotiations between the SFMTA and AnsaldoBreda rather than either performing the rebuild work in-house or conducting a new competitive bid process. SFMTA decided to award a new sole-source agreement because (a) other manufacturers do not have access to the original equipment necessary to realign the structural frames of the LRVs, and (b) many replacement parts are available only from the original manufacturer, AnsaldoBreda. The option to rebuild the LRV's in-house was considered by the SFMTA, which determined that to do the work in-house would take away resources (personnel, parts, materials, facility space) needed to perform other SFMTA scheduled preventive maintenance and repairs.

Fiscal Impact

- Only \$13,000,000 of the total proposed agreement amount of \$32,854,622 has been previously appropriated by the Board of Supervisors in SFMTA's FY 2010-2011 Operating budget, such that \$19,854,622 remains to be appropriated by the Board of Supervisors and certified by the Controller's Office. SFMTA anticipates funding the remaining agreement amount of \$19,854,622 with (a) \$12,600,000 in California State I-Bonds funds, (b) \$2,000,000 in Proposition K (Sales Tax) funds, (c) \$400,000 in SFMTA operating funds, (d) \$1,991,550 in insurance proceeds and (e) \$2,863,072 in funds from a yet to be determined source. If the remaining funds are not secured, then up to three of the seven LRVs would not be rebuilt.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT/ BACKGROUND

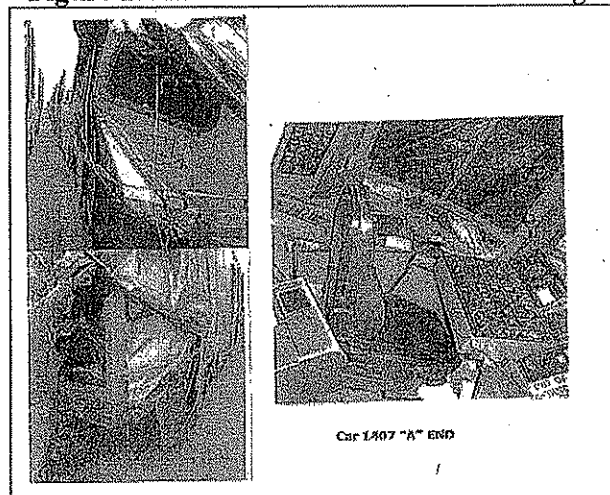
Mandate Statement

In accordance with Charter Section 9.118(b), any contracts or agreements with a term of ten years or more and/or over \$10,000,000 is subject to Board of Supervisors approval

Background

The San Francisco Municipal Transportation Agency (SFMTA) operates a fleet of 151 light rail vehicles (LRVs) that were manufactured by AnsaldoBreda, Inc. and acquired under a competitive bid in 1991 under an agreement approved by the Board of Supervisors (File No. 984-91). These LRVs were phased into service commencing in 1997, and each LRV has accumulated between 200,000 and 400,000 miles since commencing service. During the past several years, ten of these LRVs have experienced heavy damage from collisions. Two of these LRVs were repaired in July 2010, leaving eight LRVs that still require repair. One damaged LRV will be repaired under the original purchase agreement with AnsaldoBreda for the LRVs. Thus, seven damaged LRVs remain to be repaired, are currently not in service, and are being stored in a SFMTA yard. Figure 1 below shows interior and exterior damages to one of the seven LRVs such as damages to the vehicle body, frame, external doors, and internal control panels.

Figure 1: Interior and Exterior LRV Damage



Source: San Francisco Municipal Transport Agency

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 October 29, 2009, the Board of Supervisors approved a not-to-exceed \$56,752,554 five-year competitively-bid agreement with AnsaldoBreda (File No. 09-1109) to rehabilitate key components on 143

LRVs including (a) reconditioning doors and steps systems, (b) rehabilitating the couplers systems, air supply units, and cables that transmit communications and control signals, (c) upgrading the articulation wire harness, (d) replacing 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.

Under that existing five-year agreement, AnsaldoBreda is currently rehabilitating 143 LRV components in AnsaldoBreda's facility in Pittsburg, California. On May 25, 2010, the Board of Supervisors approved Amendment One to this existing agreement without a competitive bid, authorizing SFMTA to perform additional rehabilitation work on the 143 LRVs, increasing the agreement between SFMTA and AnsaldoBreda by \$11,996,867 to a not-to-exceed \$68,749,421 (Resolution No. 10-042). That Amendment No. 1 was not competitively bid because AnsaldoBreda was already completing rehabilitation work and because materials required to rehabilitate the LRVs were not readily available from other manufacturers.

As noted above, of the 151 LRVs, ten have experienced heavy damage from collisions. Two of these LRVs have already been repaired, and will receive component rehabilitation work under the above-noted agreement. That leaves eight LRVs that still require repair. One damaged LRV will be repaired under the original purchase agreement with AnsaldoBreda for the LRVs and the remaining seven heavily damaged LRVs would be addressed under the proposed new sole-source agreement with AnsaldoBreda.

DETAILS OF PROPOSED LEGISLATION

The SFMTA is requesting approval of a proposed new sole-source agreement with AnsaldoBreda, Inc. to rebuild up to seven damaged light rail vehicles (LRVs) in an amount not-to-exceed \$32,854,622, over a not-to-exceed term of six years, with initial expenditures limited to \$13,000,000 and future expenditures subject to certification of additional funding to be appropriated by the Board of Supervisors. (see Policy Consideration section of this report)

According to a September 20, 2010 memorandum from Mr. Carter Rohan, Director of Capital Programs and Construction at the SFMTA to the Board of Supervisors, the scope of work in the proposed subject agreement to rebuild up to seven damaged LRVs includes (a) restoring damaged structural components, (b) furnishing and installing missing electrical, mechanical and body panel components, (c) testing to verify that the LRVs are service-ready and able to meet SFMTA's operating parameters, (d) transportation to and from AnsaldoBreda's repair facility in Pittsburg, California, and (e) fitting two of the damaged LRVs with a new AnsaldoBreda propulsion and control system¹. AnsaldoBreda will provide all labor, tools, materials, parts,

¹ According to Mr. Lansang of the SFMTA, the propulsion and control system serves as the engine and computer system that controls all the functions in the LRV. The propulsion system is an electronic assembly that controls the forward motion, acceleration and deceleration, speed, cooling, and regulates power when the load is heavy or the LRV is braking. AnsaldoBreda will also design and build new propulsion systems to fully integrate into the existing control system on at least two LRVs because General Electric (the original manufacturer of the propulsion and control system) stopped manufacturing the original propulsion system before the LRVs were damaged.

facilities, equipment and all required technical documentation such as detailed drawings and designed calculations needed to rebuild the seven damaged LRVs.

According to Mr. TJ Lansang, Senior Electrical Engineer with the SFMTA, returning these up to seven LRVs to passenger service will make more vehicles available to transport passengers and allow SFMTA to perform regular preventive maintenance on its vehicles without reducing the number of vehicles available for passenger service. Rebuilding the LRVs will also allow the SFMTA to provide additional vehicles for special events, such as Giants baseball and 49ers football games.

Table 1 below shows the anticipated timeline to make the repairs associated with up to seven LRVs in an amount not-to-exceed \$32,854,622.

Table 1			
Estimated Start Date	Estimated End Date	Vehicles to be Repaired	Cost
Notice to Proceed Date (NTP) ²	545 Days after NTP	LRV No. 1499	\$2,201,166
NTP	545 Days after NTP	LRV No. 1433	\$1,875,112
NTP	910 Days after NTP	LRV No. 1407	\$1,989,356
NTP	1640 Days after NTP	LRV No 1500	\$6,717,878
NTP	1640 Days after NTP	LRV No 1541	\$7,391,139
NTP	Within 12 months after NTP	Option 1 ³	\$1,000,000
NTP	6 months prior to end of contract	Option 2 ⁴	\$1,000,000
NTP	Within 36 months after NTP	LRV No. 1435	\$5,100,187
NTP	Within 36 months of NTP	LRV No. 1429	\$5,579,784
		TOTAL	\$32,854,622
Source: San Francisco Municipal Transport Agency			

² All project delivery milestones will be based on the initial Notice to Proceed (NTP) date. After the Mayor signs the subject resolution and the Controller certifies that \$13,000,000 is available, SFMTA will send AnsaldoBreda a letter with an official date of the Notice to Proceed, which is typically a week or two after the date of the SFMTA letter.

³ Option 1 is an allowance of \$1,000,000, which may be used to either (a) purchase additional LRV parts and components for the LRVs which, upon inspection after the vehicle is disassembled, are discovered to require replacement, or (b) purchase an enhancement to the vehicle simulator. According to Mr. Lansang, the vehicle simulator is a device that allows the driver to operate a LRV in a classroom setting for training purposes. Because these LRVs have been out of service, SFMTA does not know the condition of their various components. If the components are found not to be in usable condition, Option 1 will provide up to \$1,000,000 to pay for the repair or replacement of components. Alternatively, at SFMTA's discretion, the up to \$1,000,000 allowance may be used to procure an enhancement to the vehicle simulator. AnsaldoBreda will develop and provide software for operation training that simulates LRV controls, operation on the track, operation in traffic, and Central Control instructions.

⁴ Option 2 is an allowance of up to \$1,000,000 to perform as-needed repair work on other LRVs that may be damaged in collisions. According to Mr. Lansang, this allowance of up to \$1,000,000 provides the SFMTA with a fund to repair other LRVs that may become damaged in future accidents to quickly restore LRV service. Option 2 may be exercised by the SFMTA up to six months prior to the end of the proposed agreement.

Because only \$13,000,000 of the total proposed agreement amount of \$32,854,622 is currently available for certification by the Controller's Office, according to the September 20, 2010 memorandum issued by Mr. Rohan, the SFMTA plans to expend \$12,783,512 of the \$13,000,000 to fully rebuild and repair the first four LRVs identified above (LRV Numbers 1499, 1433, 1407, and 1500), at an average cost of \$3,195,878 per LRV. As discussed below, the SFMTA anticipates using a total of \$19,854,622 (\$32,854,622 less \$13,000,000) in California State I-Bonds funds, Proposition K (Sales Tax) funds, additional funds from the SFMTA operating budget, insurance proceeds, and funds with a yet to be determined source to pay for (a) \$17,854,622 for repairs to LRVs Nos. 1541, 1435, 1429, (b) \$1,000,000 to either purchase additional LRV parts and components for the LRVs which are discovered to require replacement after the vehicle is disassembled or to purchase an enhancement to the vehicle simulator, and (c) \$1,000,000 to repair other LRVs that may become damaged in future accidents that occur up to six months prior to the end of the proposed agreement (\$13,000,000 plus \$17,854,622 plus \$1,000,000 plus \$1,000,000 equals \$32,854,622).

The subject agreement specifically states that AnsaldoBreda must finish rebuilding the up to seven LRVs within 2,190 calendar days, or six years, after the Notice to Proceed date has been issued by the SFMTA. If AnsaldoBreda fails to complete all repairs within that time, AnsaldoBreda will be required to pay SFMTA \$500 per vehicle for each day of delay beyond scheduled milestones and timelines. According to Mr. Lansang, the \$500 fee is not intended as a penalty, but rather reflects the estimated loss of passenger revenue that the City will incur based on each vehicle's delay.

FISCAL IMPACTS

The proposed resolution would authorize the SFMTA to enter into a new sole-source agreement with AnsaldoBreda in an amount not-to-exceed \$32,854,622. This amount includes (a) \$30,854,622 to rebuild up to seven damaged LRVs, (b) an Option 1 in the amount of \$1,000,000 to either purchase additional LRV parts and components for the LRVs which are discovered to require replacement after the vehicle is disassembled or to purchase an enhancement to the vehicle simulator, and (c) an Option 2 in the amount of \$1,000,000 to repair other LRVs that may become damaged in future accidents that occur up to six months prior to the end of the proposed agreement. Initial expenditures are limited to \$13,000,000 in funds previously appropriated by the Board of Supervisors, with the remaining balance of \$19,854,622 being subject to certification by the Controller and appropriation by the Board of Supervisors.

Table 2 identifies the total projected funding sources for the proposed agreement.

Table 2: Projected Total Funding Sources	
Source	Amount
California State I-Bonds ⁵	\$12,600,000
Proposition K Funds ⁶	\$2,000,000
SFMTA Operating Funds	\$13,400,000
Insurance Proceeds ⁷	\$1,991,550
Sources Yet To Be Determined	\$2,863,072
Total	\$32,854,622
Source: San Francisco Municipal Transport Agency	

As noted in Table 2 above, \$13,400,000 of SFMTA Operating Funds would be used to fund the subject agreement. According to Mr. Lansang, \$13,000,000 of the \$13,400,000 was appropriated by the Board of Supervisors in the SFMTA's FY 2010-2011 operating budget. The remaining \$19,854,622 (\$32,854,622 less \$13,000,000) will require future certification by the Controller's Office and appropriation approval by the Board of Supervisors. Of the \$19,854,622 balance needed, as shown in Table 2 above, the SFMTA anticipates obtaining (a) \$12,600,000 in California State I-Bonds funds, (b) \$2,000,000 in Proposition K (Sales Tax) revenues, (c) \$400,000 in SFMTA Operating Funds, (d) \$1,991,550 in insurance proceeds and (e) \$2,863,072 in funds with a yet to be determined source. Mr. Lansang advises that if the remaining funds are not secured, then up to three of the seven LRVs would not be rebuilt.

POLICY CONSIDERATION

The proposed new sole-source agreement is the result of direct negotiations rather than either completing the work in-house using SFMTA staff or conducting a new competitive bid.

According to the September 20, 2010 Memorandum issued by Mr. Rohan, SFMTA considered two alternatives before requesting approval of the proposed agreement.

First, SFMTA considered performing the work in-house with SFMTA staff. However, SFMTA determined that performing this amount of rebuilding 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 LRVs.

⁵ In November 2006, California voters approved \$42.7 billion of California State Infrastructure General Obligation Bonds (California State I Bonds) to fund projects in transportation (\$19.9 billion), housing (\$2.9 billion), education (\$10.4 billion), flood control (\$4.1 billion), and resources (\$5.4 billion). SFMTA received \$42,594,701 of the \$19.9 billion for transportation. Of the \$42,594,701, SFMTA proposes to use \$12,600,000 to rebuild LRVs under the subject agreement.

⁶ In November 2003, San Francisco voters approved the Proposition K half-cent local transportation Sales Tax Program and New Expenditure Plan, which allows the San Francisco Transportation Authority to expend up to \$485,175,000 per year for transportation projects, including upgrades to the MUNI rail system, to be repaid from the one-half cent Sales Tax. SFMTA proposes to use \$2,000,000 to rebuild LRVs under the subject agreement.

⁷ According to Mr. Lansang, two of the subject LRVs (Numbers 1433 and 1407) were involved in one accident. The estimated cost to repair these two vehicles is \$3.99 million. SFMTA's insurance policy includes a \$2.5 million deductible per incident such that, \$4.49 million minus \$2.0 million is equal to approximately \$1.99 million.

Second, the SFMTA considered issuing a new competitive Request For Proposal (RFP) to rebuild the up to seven damaged LRVs. However, SFMTA determined that other manufacturers would not be able to perform all of the required work because (a) other manufacturers do not have access to the original equipment necessary to realign the structural frames of the vehicles, and (b) many of the replacement electrical, mechanical and body components are available only from the original manufacturer, AnsaloBreda.

After considering these two alternatives, SFMTA concluded that the preferred alternative was to enter into a new sole-source agreement with AnsaloBreda to rebuild the seven damaged LRVs.

According to Mr. Lansang, because the proposed agreement would be a sole source agreement, a separate cost analysis was required. SFMTA has an existing \$5,000,000 as-needed engineering consulting services agreement with Booz Allen Hamilton, which was awarded to Booz Allen Hamilton through a RFP process.⁸ Therefore, SFMTA contracted with Booz Allen Hamilton to perform the required cost analysis. If an independent cost estimate falls within ten percent of SFMTA's cost estimate, then the bid is deemed acceptable.

With regard to the proposed agreement, SFMTA's cost estimate of \$32,854,622 is based on a negotiated agreed-upon amount between SFMTA and AnsaloBreda. Booz-Allen Hamilton's independent cost estimate was \$32,462,972, which is \$391,650, or 1.2 percent less than the negotiated amount of \$32,854,622 agreed upon between the SFMTA and AnsaloBreda. Therefore, AnsaloBreda's bid was deemed acceptable as a sole source award.

RECOMMENDATION

Approve the proposed resolution.

⁸ 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 is under \$10,000,000. Therefore, SFMTA's agreement 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.

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

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:
Members, SF Board of Supervisors	Members, SF Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: AnsaldoBreda Inc	
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.	
(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: \$32,854,622
Describe the nature of the contract that was approved: SFMTA: Repair of Damaged LRV's Contract No. CPT 626.02	
Comments:	

This contract was approved by (check applicable):

☒ the City elective officer(s) identified on this form

☒ 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: Angela Calvillo, Clerk of the Board	Contact telephone number: () 415-554-5184
Address: City Hall, Room 244 1 Dr. Carlton B Goodlett Pl., SF CA 94102	E-mail: Board.of.Supervisors@sfgov.org

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

Gavin Newsom | Mayor

Tom Nolan | Chairman

Jerry Lee | Vice-Chairman

Cameron Beach | Director

Cheryl Brinkman | Director

Malcolm Heinicke | Director

Bruce Oka | Director

Nathaniel P. Ford Sr. | Executive Director/CEO

September 20, 2010

Angela Calvillo, Clerk of the Board
Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Request for Approval of Contract No. CPT 626.02
Repair of Damaged Light Rail Vehicles

Dear Ms. Calvillo:

The San Francisco Municipal Transportation Agency (SFMTA) respectfully requests that this item be heard at the earliest possible meeting of the Budget and Finance Committee of the San Francisco Board of Supervisors.

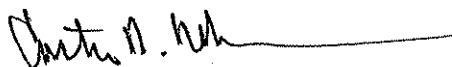
Attached are an original and four copies of a proposed resolution for consideration by the Board of Supervisors. The resolution requests approval of Contract No. CPT 626.02 – Repair of Damaged Light Rail Vehicles.

In addition to the resolution are the following attachments:

1. Briefing Memorandum
2. Engineer's/BAH's Cost Estimate
3. Post Negotiation Results
4. Form SFEC-126
5. SFMTA Board of Directors' Resolution approving Contract No. CPT 626.02
6. Contract No. CPT 626.02

Please contact TJ Lansang at 415.401.3137 if you have any questions regarding this matter.

Sincerely,



Carter R. Rohan, R.A.
Director of Capital Programs and Construction

cc: Board of Supervisors Budget Analyst

BY AK

2010 OCT 18 AM 11:41

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

Gavin Newsom | Mayor

Tom Nolan | Chairman

Jerry Lee | Vice-Chairman

Cameron Beach | Director

Cheryl Brinkman | Director

Malcolm Heinicke | Director

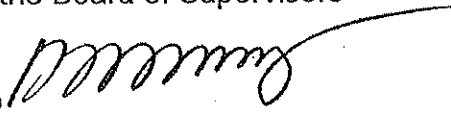
Bruce Oka | Director

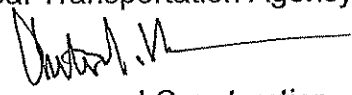
Nathaniel P. Ford Sr. | Executive Director/CEO

MEMORANDUM

DATE: September 20, 2010

TO: Honorable Members of the Board of Supervisors

THROUGH: Nathaniel P. Ford Sr.
for 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 Contract No. CPT 626.02
Repair of Damaged Light Rail Vehicles

Executive Summary

The San Francisco Municipal Transportation Agency (SFMTA) requests that the Board of Supervisors approve Contract No. CPT 626.02, Repair of Damaged Light Rail Vehicles (LRVs) between the City and AnsaldoBreda Inc., in an amount not to exceed \$32,854,622, including three options, and for a term not to exceed six years, with expenditures limited to \$13 million pending certification of additional funding.

The purpose of this project is to rebuild seven heavily damaged LRVs owned and operated by the SFMTA. Rebuilding these vehicles will provide SFMTA additional LRVs to meet both present and future service demands, increase operating revenue and comply with federal funding requirements. The contractor will also be replacing the propulsion system in two of the seven vehicles with new propulsion and control systems. This will enable the SFMTA to test a new propulsion system that can replace the existing General Electric propulsion system, which is no longer in production.

Background

The SFMTA operates a fleet of 151 LRVs 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. During the past several years, 10 of these cars have experienced heavy damage from collisions. Two of these cars were repaired in July 2010, and another damaged car will be repaired under the original purchase contract for the vehicles.

Under the proposed contract, AnsaldoBreda will rebuild seven damaged LRVs. The LRVs' damaged structural frame assemblies can only be aligned correctly by using the vehicles' original assembly fixtures. These fixtures are only available from the original equipment manufacturer (OEM) of the LRVs, AnsaldoBreda.

On August 31, 2009, the Executive Director/CEO of the SFMTA approved a sole source waiver to award the Contract to AnsaldoBreda.

On October 5, 2009, the Human Rights Commission waived 14B requirements since Local Business Enterprise discounts are not applicable to contracts of more than \$10 million.

On May 17, 2010, the Civil Service Commission granted approval for this personal services contract under Notice of Action 4133-09/10.

SFMTA staff has negotiated a contract with AnsaldoBreda to perform the rebuilding of these vehicles for an amount not to exceed \$32,854,622, to be completed within six years from the notice to proceed.

Funding for this project will be provided through Prop K sales tax funds, California State I-Bonds, SFMTA operating funds and insurance proceeds. Currently, only \$15 million of the funds needed for the project (and \$13 million for this contract) have been secured.

On September 7, 2010, the SFMTA Board of Directors adopted Resolution No. 10-125, approving this contract.

Description of Work

The scope of work includes the following: restoration of damaged structural components to their original configuration; furnishing and installation of missing electrical, mechanical and body panel components and appurtenances; testing of the vehicles to verify that they are service-ready and able to meet SFMTA's operating parameters; and transportation to and from AnsaldoBreda's repair facility in Pittsburg, California. Two of the LRVs will be modified and fitted with a brand new AnsaldoBreda propulsion and control system.

The Contractor will supply all engineering, design calculations, detailed drawings,

labor, tools, materials, parts, facilities, equipment and other related technical documentation needed to rebuild the LRVs and modify two of them with the new propulsion and control system. The scope of work also includes training personnel, training materials and manuals.

Under the base contract, the Contractor will restore five LRVs at a cost of \$20,174,651: Nos. 1407, 1433, 1499, 1500 and 1541. The Contractor will also supply a vehicle simulator that will be used by SFMTA to train operators on the operation of the LRVs. Under Option 3, two other LRVs (Nos. 1429 and 1435) will be repaired at a cost of \$10,679,971 if funding is available.

In order to return two complete LRVs to the SFMTA in relatively short order, the "A" ends of two vehicles will be removed and connected with the "B" ends of two other vehicles: Sections 1435A and 1433B, each of which has no structural damage, will be joined and identified as Car No. 1433. Similarly, Sections 1429A and 1407B, which also have no structural damage, will be joined and identified as Car No. 1407.

Because only \$13 million is initially available for certification (see discussion below under Funding Impact), SFMTA plans to have the Contractor first repair four of the five LRVs in the base contract: Nos. 1407, 1433, 1499 and 1500 for a total amount of \$12,783,512 million.

Option 1 is an allowance of \$1 million for extra materials and/or a vehicle simulator enhancement, which must be exercised within 12 months of NTP. Option 2 is an allowance of \$1 million for repairs to future collision-damaged vehicles. The cost of Options 1 and 2 will be negotiated through a task order process.

The cost for Option 3 is included in the contract (\$5,579,783 for Car No. 1429; \$5,100,187 for Car No. 1435). Option 3 will be exercised by a separate notice to proceed if and when funding becomes available.

The contract requires AnsaldoBreda to complete the project in 2,190 calendar days after the notice to proceed; liquidated damages of \$500 per day of delay will be assessed for failure to complete the work on time.

Alternatives Considered

Two alternatives were considered:

First, the SFMTA considered having the work performed by in-house technicians; however, SFMTA does not have the facility space, the necessary equipment or the required supply of parts and materials to perform vehicle rebuilds at a production level without affecting scheduled preventive maintenance and repair work needed

for the rest of the fleet.

The second alternative was to put the project out to bid. However, even though other vehicle manufacturers may have the facility, staff, and certain equipment to do the work, as discussed above, they would not be able to perform all required work because they do not have access to the original equipment fixtures necessary to realign the structural frames of the vehicles. In addition, many of the replacement electrical, mechanical and body components are only available from the OEM.

Funding Impact

Funding for this project is expected from the following sources: \$12.6 million from California State I-Bonds; \$2 million from Prop K funds; \$13.4 million from SFMTA operating funds; \$1.99 million from insurance proceeds; and \$5.1 million dollars from sources yet to be determined. At this time, only \$15 million of the total funding needed for the project is available, with \$13 million allocated for the contract. As further funding is certified by the Controller and the CFO, staff will issue subsequent notice(s) to proceed to the Contractor.

SFMTA Board Action

On September 7, 2010, the SFMTA Board of Directors adopted Resolution No. 10-125, which authorized the Executive Director/CEO to execute Contract No. CPT 626, LRV Collision Repair, with AnsaldoBreda Inc., in an amount not to exceed \$32,854,622, and for a term not to exceed six years, with expenditures limited to \$13 million pending certification of additional funding. The SFMTA Board also recommended that the Board of Supervisors approve this contract.

Engineer's Cost Estimate for CPT 626.02 - Repair of Damaged LRV's in conjunction with Booz-Allen Hamilton's (BAH's) cost estimates		Comments
BAH's Total estimate for Eight Cars	\$18,173,190.00	Structural & Non-Structural Repairs
BAH Total less car 1428	-\$1,061,678.00	Not included in this contract
Adjusted BAH Total for 7 cars only	\$17,111,512.00	
Cost for new Propulsion system	\$3,695,521.87	
Sub Total for cars & new prop	\$20,807,033.87	
Engineering project management 10%	\$2,080,703.39	
Contingency 5%	\$1,040,351.69	
Shipping Land only	70,000.00	
Total for 7 Cars	27,693,610.81	
Overhead and profit 10%	2,769,361.08	
Bonds & Insurance (5%)	1,384,680.54	
Sub total 1	30,462,971.89	
Option 1 (Allowance for Materials)	\$1,000,000.00	
Option 2 (Allowance for Future Wreck Repair)	\$1,000,000.00	
Total Engineer's Estimate	32,462,971.89	
Negotiated Cost	32,854,622.00	

SFIMTA Wreck Repair Estimate
Eight Cars, Structural Repair, Non-Structural Repair, Doors Steps Rehabilitation.

1. STRUCTURAL REPAIR

Vehicle Section	Materials Cost	Materials base year	Materials escalation if any	SubTOTAL Materials	Labor hours	Labor Rate	Labor base year	Labor Extended	Labor Escalation (1.03%yr) -1	SubTOTAL Labor	TOTAL Structural & Body
				M		\$75x1.6				L	M+L
1429A	\$60,000	2009	\$3,654	\$63,654	3548	\$120	2009	\$425,760	\$25,929	451,689	\$15,343
1435A	\$60,000	2009	\$3,654	\$63,654	3548	\$120	2009	\$425,760	\$25,929	451,689	\$15,343
1422A	\$50,000	2009	\$3,045	\$53,045	3524	\$120	2009	\$422,880	\$25,753	448,633	\$01,678
1459A	\$202,000	2009	\$12,302	\$214,302	3816	\$120	2009	\$457,920	\$27,887	485,807	\$70,109
1541A	\$235,000	2009	\$14,312	\$249,312	3726	\$120	2009	\$447,120	\$27,230	474,350	\$723,661
1541B	\$0	2009	\$0	\$0		\$120	2009	\$0	\$0	\$0	\$0
1500A	\$70,000	2009	\$4,263	\$74,263	3570	\$120	2009	\$426,400	\$26,090	454,490	\$28,753
1500B	\$0	2009	\$0	\$0		\$120	2009	\$0	\$0	\$0	\$0
1407A	\$22,000	2009	\$1,340	\$23,340	3776	\$120	2009	\$453,120	\$27,596	480,715	\$04,055
1425B	\$70,000	2009	\$4,263	\$74,263	3818	\$120	2009	\$458,160	\$27,902	486,062	\$80,325
1437A	\$60,000	2009	\$3,654	\$63,654	3800	\$120	2009	\$456,000	\$27,770	483,770	\$47,424
1455B	\$425,000	2009	\$25,883	\$450,883	4600	\$120	2009	\$552,000	\$33,617	585,617	\$1,036,499
1407B	\$0	2009	\$0	\$0		\$120	2009	\$0	\$0	\$0	\$0
1433B	\$0	2009	\$0	\$0		\$120	2009	\$0	\$0	\$0	\$0
1428B	\$0	2009	\$0	\$0		\$120	2009	\$0	\$0	\$0	\$0
1459B	\$0	2009	\$0	\$0		\$120	2009	\$0	\$0	\$0	\$0
				\$1,330,369						4,802,822	6,133,190

2. STRUCTURAL + NON-STRUCTURAL

Vehicle Section	Structural & Body Repair	Refitting Non-Struct.	Total Labor & Material
	A	B	A+B
1429A	\$515,343	\$280,000	\$795,343
1435A	\$515,343	\$280,000	\$795,343
1422A	\$501,678	\$280,000	\$781,678
1459A	\$700,109	\$280,000	\$980,109
1541A	\$723,661	\$1,250,000	\$1,973,661
1541B	\$0	\$1,250,000	\$1,250,000
1500A	\$528,753	\$1,250,000	\$1,778,753
1500B	\$0	\$1,250,000	\$1,250,000
1407A	\$504,055	\$1,200,000	\$1,704,055
1425B	\$560,325	\$1,200,000	\$1,760,325
1437A	\$547,424	\$1,200,000	\$1,747,424
1455B	\$1,036,499	\$1,200,000	\$2,236,499
1407B	\$0	\$280,000	\$280,000
1433B	\$0	\$280,000	\$280,000
1428B	\$0	\$280,000	\$280,000
1459B	\$0	\$280,000	\$280,000
	\$6,133,190	\$12,040,000	\$18,173,190

3. TOTAL CONTRACT COSTS

Total Labor & Material Cost	\$18,173,190
Engineering/Project Management (10%)	\$1,817,319
Hidden Damage / Contingency (5%)	\$908,660
Shipping (land only)	\$80,000
Total Contract Estimate	\$20,979,169

- Door & Step Rehab only: from door & step est. \$41,000,000 /147 cars = \$280,000 per car.

LRV Wreck Repair Final Negotiated Cost

	Recurring Costs	Misc. Costs	Non Recurring Costs	Profit	Sales Tax	Material Allowance	Future Wreck Allowance	Price
Base Contract								
1499	\$ 1,797,839.79	\$ 152,816.38	\$ 208,180.15	\$ 215,883.63	\$ 47,446.60			\$ 2,422,166.56
1433	\$ 1,520,020.39	\$ 129,201.73	\$ 179,197.83	\$ 182,842.00	\$ 84,849.59			\$ 2,096,111.54
1407	\$ 1,600,481.42	\$ 136,040.92	\$ 188,911.07	\$ 192,543.34	\$ 92,378.81			\$ 2,210,355.56
1500	\$ 4,085,119.80	\$ 571,235.18	\$ 1,451,450.75	\$ 610,780.57	\$ 220,291.96			\$ 6,938,878.27
1541	\$ 4,596,932.64	\$ 614,739.27	\$ 1,509,611.10	\$ 672,128.30	\$ 218,728.19			\$ 7,612,139.51

	\$ 13,600,394.05	\$ 1,604,033.49	\$ 3,537,350.90	\$ 1,874,177.84	\$ 663,695.14	\$ -	\$ -	\$ 21,279,651.43
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Less:

Bonds	\$ (430,000.00)							
Insurance	\$ (320,000.00)							
PM			\$ (255,000.00)					
Eng			\$ (100,000.00)					

Total	\$ 13,600,394.05	\$ 854,033.49	\$ 3,182,350.90	\$ 1,874,177.84	\$ 663,695.14	\$ -	\$ -	\$ 20,174,651.43
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Plus:

Option 1 (Material allowance and/or vehicle simulator enhancement. 12 months to exercise) \$ 1,000,000.00
 Option 2 (Allowance for future wreck repair - no time limit) \$ 1,000,000.00
 Option 3 (Repair 1435 and 1429 with existing G.E. propulsion system)

1435	\$ 3,723,387.37	\$ 316,487.93	\$ 436,832.79	\$ 447,670.81	\$ 175,808.50			\$ 5,100,187.40
1429	\$ 4,084,975.02	\$ 347,222.88	\$ 478,189.96	\$ 491,038.79	\$ 178,356.85			\$ 5,579,783.49
								\$ 10,679,970.89

	\$ 32,854,622.33
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Prototype Cars for ABI Propulsion

1500

1541

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 10-125

WHEREAS, Under Contract No. CPT 626.02, Repair of Damaged LRVs, AnsaldoBreda Inc. will rebuild seven heavily damaged light rail vehicles (LRVs), which will increase the quantity of LRVs available for SFMTA to meet both present and future service demands, increase operating revenues, and help the SFMTA to comply with federal funding requirements; and,

WHEREAS, The scope of work under Contract No. CPT 626.02 will include all labor, inspections, engineering, tools, materials, parts, facilities, equipment required to complete all work, including all required detailed drawings, design calculations and other specified technical documentation in connection with the rebuilding of these systems and the installation of a new propulsion and control system on two LRVs; and,

WHEREAS, On August 31, 2009, the Executive Director/CEO approved a sole source waiver to award the Contract to AnsaldoBreda; and,

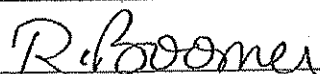
WHEREAS, SFMTA staff negotiated a contract with AnsaldoBreda to perform the work specified in the Technical Specifications, including all options, for a total cost of \$32,854,622; and,

WHEREAS, Funding for the project will come from Proposition K sales tax funds, California State I-Bonds, SFMTA Operating Funds and insurance proceeds; however, currently, only \$13 million in funding is available for certification; now, therefore be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Executive Director/CEO to execute Contract No. CPT 626.02, Repair of Damaged LRVs, with AnsaldoBreda Inc., in an amount not to exceed \$32,854,622, and for a term not to exceed six years, with expenditures limited to \$13 million pending certification of additional funding; and be it further

RESOLVED, That the SFMTA Board of Directors recommends that the Board of Supervisors approve this contract.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at its meeting of SEP 07 2010.


Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

**Contract Between the
City and County of San Francisco
and
AnsaldoBreda Inc.
for
LRV Collision Repairs**

**Contract No. CPT 626.02
CCO No. 4133-09/10**

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