

1 [Contract Modification - Thales Transport & Security Inc. - Advanced Train Control System for
2 Central Subway - Increase Contract Amount - Not to Exceed \$27,730,300.40]

3 **Resolution approving Modification No. 3 to Contract CN 1266-2, Design Review,**
4 **Software, Implementation and Testing Services for an Advanced Train Control System**
5 **(ATCS) for the Central Subway Project, with Thales Transport & Security Inc., to modify**
6 **ATCS software and designs to conform to national fire codes, correct track speed**
7 **limits, modify installation requirements, accelerate completion of work, and**
8 **compensate Thales for costs and impacts it incurred arising from delay to the Project,**
9 **increasing the contract amount by \$12,831,743.60 for a modified contract amount of**
10 **\$27,730,300.40; to extend the substantial completion of the ATCS by 670 days for a**
11 **total contract term of December 3, 2013, through April 29, 2022, and to extend the**
12 **contract warranty period to April 29, 2025, to commence upon approval by the Board of**
13 **Supervisors.**

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15 WHEREAS, The SFMTA's Central Subway Project, which is Phase 2 of the Third
16 Street Light Rail Project, is constructing a new subway line in San Francisco, which runs
17 approximately 1.6 miles from 4th and Brannan Streets, north under Fourth Street to Stockton
18 Street, and north under Stockton Street into Chinatown; and

19 WHEREAS, The Advanced Train Control System (ATCS) is a specialized and
20 proprietary system that controls light rail vehicle movement, speed, headway and braking in
21 the subway was first supplied to the SFMTA by Thales (formerly Alcatel Transport Automation
22 (U.S.) Inc.) under San Francisco Municipal Railway contract MR-1034R, dated August 10,
23 1992, as modified by Thales under multiple subsequent contracts with the SFMTA; and

24 WHEREAS, On December 3, 2013, the SFMTA Board awarded the Agreement
25 between the City and County of San Francisco and Thales Transport & Security, Inc. for

1 Design Review, Software, Implementation and Testing Services for an Advanced Train
2 Control System for the Central Subway Project with Thales Transport & Security Inc., Contract
3 No. 1266-2, (Contract No. 1266-2) by which Thales would review of existing ATCS designs,
4 perform final ATCS engineering and designs, and provide as-needed oversight, inspection of
5 ATCS infrastructure and equipment installation, and testing services to support ATCS
6 installation and implementation for the Central Subway for an amount not-to-exceed
7 \$21,363,292, with a term to run three years beyond substantial completion of Central Subway
8 construction (SFMTA Bd. Res. 13-260); and

9 WHEREAS, The ATCS must operate as a single integrated system between the new
10 Central Subway and the Existing ATCS that services the SFMTA's subway operations in the
11 Market Street tunnels; due to the proprietary nature of the ATCS, no vendor other than Thales
12 can provide the SFMTA necessary ATCS proprietary equipment, software, design review and
13 implementation services for the Central Subway, and this Contract 1266-2 is necessarily
14 therefore a sole source contract; and

15 WHEREAS, HNTB-B&C Joint Venture, the Central Subway trackway and systems
16 designer, under Contract CS-155-3, provided preliminary Central Subway ATCS designs; and

17 WHEREAS, The SFMTA procured certain proprietary ATCS equipment under SFMTA
18 Contract 1266-1, a separate agreement with Thales; and

19 WHEREAS, The ATCS infrastructure has been constructed and installed in the Central
20 Subway by Tutor Perini Corporation (Tutor), the general contractor engaged by the SFMTA to
21 construct the stations, trackways and systems under Contract 1300; and

22 WHEREAS, Approval for this Implementation Contract was obtained under Civil
23 Service Commission Notice of Action for Contract No. 1266-2 on December 2, 2013; and

24 WHEREAS, As planned, on July 7, 2014, the SFMTA assigned Contract 1266-2 to the
25 Central Subway construction contractor, Tutor, so that Thales would be a subcontractor to

1 Tutor under Contract No. CS-1300, but that arrangement proved to be unworkable, and the
2 City on February 28, 2019, exercised its rights under Contract 1300 to re-assign Contract
3 1266-2 back to the SFMTA, so that Thales will provide ATCS equipment, software and related
4 services directly to the City to implement the ATCS for the Central Subway; and

5 WHEREAS, This Contract 1266-2 has previously been amended twice: Contract
6 Modification No. 1, dated December 3, 2019, affirmed the reassignment of the contract back
7 to the SFMTA from Tutor; Contract Modification No. 2, dated February 19, 2021, corrected the
8 contract language to clarify the contractual relationship between Thales and the SFMTA, and
9 to modify the scope of work, which increased the Contract Amount \$589,342.80; and

10 WHEREAS, This Third Modification to Contract 1266-2 will (1) apply design changes to
11 automate train movements in accordance with NFPA 130 Tunnel Ventilation requirements; (2)
12 apply corrected track speeds according to TC-Series drawings (3) apply the final stationing of
13 installed wayside equipment (4) reduce the number of Portal Intrusion Devices; (5) provide
14 two independent circuits for Platform Emergency Stop Buttons; and (6) rearrange equipment
15 in CTS Train Control Room to accommodate separate LSMC and ACE racks, and accelerate
16 implementation of ATCS Substantial Completion so that the ATCS will be fully safety certified
17 and ready to be placed in revenue service on or before April 29, 2022; and

18 WHEREAS, This Third Modification to Contract 1266-2 compensates Thales
19 \$12,831,743.60, which amount includes \$10,340,349.60 for performance of additional work
20 and to accelerate completion of remaining ATCS work, and \$2,491,394 to compensate Thales
21 for costs and impacts it incurred due to Central Subway Project construction delays, for a
22 modified Contract Amount of \$27,730,300.40; and

23 WHEREAS, This Third Modification to Contract 1266-2 will extend the term of the
24 Contract 670 calendar days, so that ATCS Substantial Completion will be achieved on or
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1 before April 29, 2022, at which point the ATCS will be ready for revenue service, and the term
2 of the Contract will then extend an additional three years of Warranty Period; and

3 WHEREAS, In light of the SFMTA's intention to commence final testing on or before
4 April 29, 2022 and commence revenue service in the Summer of 2022, Modification No. 3
5 requires Thales to pay the SFMTA liquidated damages of \$15,000 per calendar day for each
6 day of delay to completing the ATCS after May 1, 2022, and \$50,000 per calendar day of
7 delay after July 31, 2022, where Thales is solely responsible for such delay; and

8 WHEREAS, On April 6, 2021, the SFMTA Board of Directors adopted Resolution No.
9 210406-043 which authorized the Director of Transportation to execute Contract Modification
10 No.3 to SFMTA Contract No. 1266-2: Agreement for Design Review, Software,
11 Implementation and Testing Services for an Advanced Train Control System (ATCS) for the
12 Central Subway Project, with Thales Transport & Security Inc., to modify ATCS software and
13 designs to conform to national fire codes, correct track speed limits, modify installation
14 requirements, and accelerate completion of work, extend the term to April 29, 2022, and
15 compensate Thales for costs it incurred arising from delay to the Project, for a modified
16 contract amount of \$27,730,300.40; and

17 WHEREAS, A copy of the said contract is on file with the Clerk of the Board of
18 Supervisors in File No. 210338, which is hereby declared to be part of this resolution as if set
19 forth fully herein; now, therefore, be it

20 RESOLVED, That the Board of Supervisors approves Modification No. 3 to Contract
21 CN 1266-2, Design Review, Software, Implementation and Testing Services for an Advanced
22 Train Control System (ATCS) for the Central Subway Project, with Thales Transport &
23 Security Inc., to modify ATCS software and designs to conform to national fire codes, correct
24 track speed limits, modify installation requirements, accelerate completion of work, and
25 compensate Thales for costs and impacts it incurred arising from delay to the Project,

1 increasing the contract amount \$12,831,743.60 for a modified contract amount of
2 \$27,730,300.40; and to extend the substantial completion of the ATCS 670 days to April 29,
3 2022, to extend the contract warranty period to April 29, 2025; and requesting the Board of
4 Supervisors to approve this Modification No. 3.; and be it

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

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