


Date: February 27, 2019

To: Board of Directors

From: Doug Kelsey 

Subject: **RESOLUTION 19-02-13 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH SIEMENS MOBILITY, INC. (SIEMENS), FOR TYPE-2/3 SD660 LIGHT RAIL VEHICLE (LRV) FLEET MID-LIFE OVERHAUL SERVICES**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (“Board”) authorize the General Manager to execute a contract with Siemens Mobility, Inc. (“Siemens”), for Type-2/3 SD660 LRV Fleet Mid-Life Overhaul Services (“Services”).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board authorization is required for goods and services contracts obligating TriMet to pay in excess of \$1,000,000.00.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

A midlife light rail vehicle (LRV) overhaul is considered best practice in the transit industry and aligns with the TriMet core mission to provide valued transit services that are safe, dependable, and easy to use. TriMet’s Siemens SD660 Fleets, the Type-2 and Type-3 light rail vehicles, were procured in the mid to late 1990’s and have reached their midlife. In 2017, it was determined that TriMet Rail Equipment Maintenance (“REM”) was unable to complete a Type-2/3 LRV mid-life overhaul with its existing number of journeyman mechanics and current facility and equipment space limitations. In accordance with TriMet’s FY2019-2023 Strategic Business Plan, which calls for improvements to MAX infrastructure for reliability and capacity, TriMet and the ATU signed a Working Wage Agreement that permits TriMet to contract out a mid-life overhaul of TriMet’s Type-2/3 SD660 LRVs.

6. Procurement Process

On August 20, 2018, TriMet issued an RFP for the Services. The RFP was posted on TriMet’s public solicitation website (TriP\$), and the notice was emailed directly to 158

contacts registered with TriMet to provide these services. Twenty-eight firms elected to download the solicitation.

The RFP included a step for vendors to submit requests for exceptions and/or deviations, in addition to asking for clarification on any aspect of the RFP process and documentation. Those requests were due on September 21, 2018 (all aspects/documents in the RFP), and then again on October 26, 2018 (Technical Specifications only). Those requests for exceptions and/or deviations and clarifications were answered via a series of Addenda.

On December 3, 2018, five proposals were submitted to TriMet by Alstom Transportation, Inc. (“Alstom”), Kinkisharyo International, LLC (“Kinkisharyo”), Siemens Mobility, Inc. (“Siemens”), LED Smart, Inc., and Rocket Media. LED Smart, Inc. and Rocket Media were determined to be “non-responsive,” as both firms failed to submit proposals that were able to be scored.

A Source Evaluation Committee (SEC) comprised of staff from TriMet’s REM and Finance departments was appointed to review and evaluate the proposals. The evaluation criteria in the RFP included: (1) technical proposal, which included a project management plan, quality control, project schedule, overhaul plan, relevant design and manufacturing of subsystems, and new subassembly components and refurbishment; (2) proposer staffing, resources, experience and qualifications; and (3) price proposal. After evaluating the proposals, Alstom, Kinkisharyo and Siemens were shortlisted to the competitive range, the SEC opened their price proposals, and all three were invited to interview. After the conclusion of interviews, the SEC determined that all three competitive range finalists would be considered for award and each was asked to submit a Best and Final Offer (BAFO) to clarify proposal areas and to revise pricing.

Overall scores of the firms after the BAFO submissions are summarized in the table below:

	Possible Points	Alstom	Kinkisharyo	Siemens
<i>Evaluation Criteria</i>				
Technical Proposal, etc.	40	33.4	29.8	35.4
Proposer Staffing, Resources, Experience, and Qualifications	30	28.8	29.8	28.0
Price Proposal	30	15.0	14.2	30.0
Total Score . . .	100	77.1	70.7	93.4
Overhaul of 79 LRVs Pricing . . .		\$185,458,955.09	\$210,981,642.38	\$88,293,325.00
Options Pricing** . . .		\$26,265,906.18	\$12,658,370.00	\$17,261,344.00
Total Combined BAFO Pricing . . .		\$211,724,861.27	\$223,640,012.38	\$105,554,669.00

****Note:** Options include new ADA flip-up seat assemblies, truck overhaul, and ground brush overhaul. TriMet may or may not, at its sole discretion, exercise any or all of the three options during the course of the seven-year contract period.

The significant price differences among the three proposers may be explained by the fact that Siemens built TriMet's Type-2 and Type-3 LRVs and may have a cost advantage, particularly as to parts, because Siemens is the original equipment manufacturer. In addition, the proposals submitted by Alstom and Kinkisharyo appeared to include work that went beyond the scope of what TriMet intended in its RFP. TriMet raised these issues during post-proposal interviews and provided additional clarification prior to requesting BAFOs. It should be noted that the Siemens bid was within 2% of TriMet's own Independent Cost Estimate for this work, which was prepared prior to issuing the RFP.

The SEC determined that Siemens demonstrated the highest level of technical experience, qualifications, and a strong understanding of the work and is hereby recommended for award. The proposed contract with Siemens will be for a seven-year term, with TriMet's unilateral option to terminate for convenience if necessary, for any reason, during the contract period. Labor rates for "unknown-unknown" and "known-unknown" contingencies shall be eligible for up to three annual adjustments commencing on the second year of the contract period. In no event shall price increases be greater than the percentage listed in the yearly percentage change in the Consumer Price Index – All Urban Wage Earners and Clerical Workers (CPI-W), for the Western Region, Pacific Division – Class A. The applicable CPI-W shall be the most recently published figure as of the anniversary date of the execution of the contract. Commencing on the second year of the contract, TriMet will consider price increases associated with material markups in an amount not to exceed the change in Siemens' actual direct costs.

Assuming the Board approves this Resolution, the proposed schedule for the Services is described below:

Notice to Proceed – February 28, 2019

Pilot Car 1 Ships to Contractor – March 2019

Overhaul of Pilot Car 1 – March-November 2019

Pilot Car 1 returned to TriMet for testing and acceptance – December 2019

Pilot Car 2 returned to TriMet for testing and acceptance – December 2020

Serial Overhaul of Type-2/3 SD660 – beginning Spring 2021

The attached Resolution authorizes TriMet to contract with Siemens Mobility, Inc., for the Services in the amount of \$105,554,669, for the seven-year period. The actual amount of money spent during the seven-year contract will be based on actual agency requirements during the contract term.

7. Diversity

TriMet's RFP required proposers to include a workforce diversity summary of the firm as well as a Disadvantaged Business Enterprise ("DBE") subcontracting plan.

Siemens workforce diversity is 26.4% female and 29.7% minority. The total employee count of the facility where the work will be performed is 91. Siemens intends to self-perform a majority of the Services, but has identified subcontracting opportunities in the areas of carbody engineering/repair, HVAC, friction brake, windows/glass, subfloor, floor covering, and bellows work, if necessary.

8. Financial/Budget Impact

The Services are budgeted for in the Rail Equipment Maintenance (REM) department's operating budget for FY2019, and will be budgeted for the seven-year term of the contract.

9. Impact if Not Approved

Should the Board choose to not approve this contract, it could direct REM to provide these overhaul services utilizing existing TriMet staff. TriMet, however, is unable to complete this Type-2/3 LRV mid-life overhaul with the existing number of journeyman mechanics and its existing facilities. Failure to approve this contract would extend by multiple years TriMet's LRV re-build program and negatively impact fleet reliability.

RESOLUTION 19-02-13

**RESOLUTION 19-02-13 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
CONTRACT WITH SIEMENS MOBILITY, INC. (SIEMENS), FOR TYPE-2/3
SD660 LIGHT RAIL VEHICLE (LRV) FLEET MID-LIFE OVERHAUL
SERVICES**

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Siemens Mobility, Inc., for Type-2/3 LRV mid-life overhaul services (“Contract”); and

WHEREAS, the total amount of the Contract exceeds \$1,000,000; and

WHEREAS, the TriMet Board of Directors (“Board”), by Resolution dated October 25, 2017, adopted a Statement of Policies requiring the Board to authorize goods and services contracts obligating TriMet to pay in excess of \$1,000,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall conform to applicable laws.
2. That the General Manager is authorized to execute the Contract for a not-to-exceed amount of \$105,554,669, over the seven-year term of the Contract.

Dated: February 27, 2019

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department