

RESOLUTION NO. 2024-88

AUTHORIZING THE EXERCISE OF AN OPTION UNDER CONTRACT NO. 2021-125 WITH SIEMENS MOBILITY, INC. FOR THE PURCHASE AND DELIVERY OF EIGHTEEN (18) HIGH FLOOR LIGHT RAIL VEHICLES AT THE CONTRACTUAL BASE PRICE OF \$5,166,336.00 PLUS AN INFLATIONARY PRICE INCREASE CALCULATED AT THE TIME OF FINAL ASSEMBLY BASED ON THE PRODUCER PRICE INDEX FOR TRANSPORTATION EQUIPMENT AND A LABOR INDEX PUBLISHED MONTHLY BY THE UNITED STATES DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS, SPARE PARTS AND TOOLING (RTA DEVELOPMENT FUND, FLEET MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Greater Cleveland Regional Transit Authority ("Authority") currently operates a fleet of forty (40) heavy rail vehicles on the Red Line and twenty-nine (29) light rail vehicles along the Blue, Green and Waterfront Lines; and

WHEREAS, the Authority has identified the need to replace both the heavy and light rail fleet of railcars which have exceeded their useful life; and

WHEREAS, Resolution No. 2023-26 authorized Contract No. 2021-125 ("Contract") with Siemens Mobility, Inc. ("Siemens") for the manufacture and delivery of up to twenty-four (24) High Floor Light Rail Vehicles ("LRVs"), spare parts, tooling and training in an amount not to exceed \$163,920,115.00, with options to procure up to thirty-six (36) additional railcars, spare parts, tooling and training to be delivered over the seven (7) year contract term; and

WHEREAS, on November 28, 2023 in Resolution No. 2023-088, the Authority's Board of Trustees authorized the exercise of an option to purchase six (6) additional railcars at the original contract unit price of \$5,166,336.00, for a total negotiated amount not to exceed \$30,998,016.00, resulting in a new total contract amount not to exceed \$194,918,131.00; and

WHEREAS, pursuant to the original options under the Contract, Siemens has offered to manufacture and deliver eighteen (18) additional railcars at the contractual base price of \$5,166,336.00 plus an inflationary price increase based on a producer price index for transportation equipment and a national labor index, which will be calculated at the time of final assembly, resulting in a new estimated price per railcar of \$5,800,000.00; and

WHEREAS, the General Manager, Chief Executive Officer deems the offer of Siemens, as negotiated, to be advantageous to the Authority, cost and other factors considered, and recommends acceptance thereof by the Board of Trustees; and

WHEREAS, there will be twelve (12) railcar options still remaining under the Contract.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the negotiated offer of Siemens to provide eighteen (18) additional LRVs, spare parts and tooling, be and the same is accepted.

Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to exercise an option to Contract No. 2021-125 with Siemens for the purchase of eighteen (18) LRVs at the contractual base unit price of \$5,166,336.00 plus an inflationary price increase that will be calculated at the time of final assembly based on the producer price index for transportation equipment and a national labor index published monthly by the United States Department of Labor Bureau of Labor Statistics, and spare parts and tooling.

Section 3. That the current projection for the total price per railcar is \$5,800,000.00, based on the original base contract unit price of \$5,166,336.00 plus projected inflationary increases accruing until the anticipated date of final assembly.

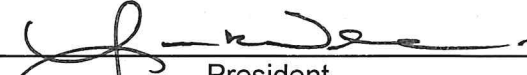
Section 4. This contract option shall be funded through the RTA Development Fund, Fleet Management Department budget, including but not limited to Rolling Stock Reserve Funds as local match and Capital Grants from the Federal Transit Administration ("FTA") FFY 2024-FFY 2027 and Rail Vehicle Replacement Program in an amount not to exceed \$78,550,000.00, and pending commitments from Northeast Ohio Agency Areawide Coordinating Agency ("NOACA") in an amount not to exceed \$9,000,000.00, and pending commitments from Ohio Department of Transportation Ohio Transit Preservation Partnership Program in the amount of \$16,850,000.00 and pending grant realignments for FFY 2026 through FFY 2028 in the amount of \$8,400,000.00 for spare parts and tooling, which results in a total change order amount of \$112,800,000.00. This resolution is contingent upon FTA approval of pending federal transit grant awards for FFY 2025-FFY 2027 and pending discretionary grants (\$83,520,000 in federal funds which represent 80% of total cost). This change order will result in a new total contract amount not to exceed \$308,389,850.00.

Section 5. That said contract option shall be binding upon and an obligation of the Authority contingent upon future funding, compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

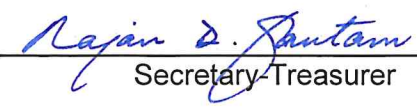
Section 6. That all terms and conditions of the original contract remain unchanged.

Section 7. That this resolution shall become effective immediately upon its adoption.

Adopted: November 19, 2024



President

Attest: 

Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: AUTHORIZING THE EXERCISE OF AN OPTION TO PURCHASE EIGHTEEN (18) HIGH FLOOR LIGHT RAIL VEHICLES, SPARE PARTS AND TOOLING VENDOR: SIEMENS MOBILITY, INC. AMOUNT: BASE PRICE OF \$5,166,336.00 PLUS INFLATIONARY INCREASE CALCULATED AT TIME OF FINAL ASSEMBLY, FOR A NEW ESTIMATED PER RAILCAR PRICE OF \$5,800,000.00	Resolution No.: 2024-88
	Date: November 14, 2024
	Initiator: Fleet Management Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will authorize the Greater Cleveland Regional Transit Authority ("Authority") to exercise an option for the procurement and delivery of eighteen (18) of the thirty (30) remaining option vehicles, including spare parts and tooling, that are available under Contract No. 2021-125 which was approved by the Board of Trustees in Resolution No. 2023-26 adopted April 18, 2023.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority currently operates a fleet of 40 heavy rail vehicles that service the Red Line and 29 light rail vehicles that service the Blue, Green and Waterfront Lines. The Federal Transit Administration ("FTA") identifies the default useful life benchmark for both heavy and light rail vehicles to be 31 years. The existing heavy rail vehicle fleet began service in 1984 (39 years ago). The existing light rail vehicle fleet began service in 1981 (42 years ago). Both fleets have exceeded their useful life for railcars. To continue to provide safe, reliable and cost-effective service, the Authority determined it to be in its best interest to replace the entire fleet of railcars.
- 3.0 **PROCUREMENT BACKGROUND:** On April 18, 2023, the Authority awarded Contract No. 2021-125 to Siemens Mobility, Inc. ("Contract") for the manufacture and delivery of up to twenty-four (24), High Floor Light Rail vehicles, spare parts, tooling and training in an amount not to exceed \$163,920,115.00, with an option to procure up to thirty-six (36) additional railcars, spare parts, tooling and training to be delivered over the seven (7) year contract term.

The Contract included a provision for the one-time purchase of up to six (6) railcars, within six (6) months of Notice to Proceed, at the original contract unit price of \$5,166,336.00, with no escalation. The Board of Trustees, on November 28, 2023, in Resolution No. 2023-088, authorized the first option to purchase those six (6) additional railcars. There have been four (4) additional change orders in a total amount of \$671,718.21, authorized by the General Manager, Chief Executive Officer, as identified on the attached Change Order Log.

The Authority now seeks to exercise an option to purchase eighteen (18) of the railcars remaining under the Contract. The Contract provided that the price for the last thirty (30) railcars would be priced at the original base price of \$5,166,336.00 plus an inflationary price increase that would be calculated at the time of final assembly of each railcar based on the Producer Price Index for Transportation Equipment and a national labor index that is published monthly by the United States Department of Labor Bureau of Labor Statistics.


Application of a ten-year historical review of those indices results in a projected price of \$5,800,000.00 per railcar at the time of final assembly. As of September 2024, the base price of \$5,166,336.00 has already risen to \$5,342,171.56 based on the market indices.

Funding has been identified to fund this change order in an amount not to exceed \$104,400,000.00 for the eighteen (18) railcars, and in an amount not to exceed \$8,400,000.00 for the spare parts and tooling, resulting in a total change order amount of \$112,800,000.00 and new total contract budgeted amount of \$308,389,850.00. This procurement will result in twelve (12) railcars remaining under the contract option.

A cost analysis was performed by the Procurement Department, and it has been determined that the contractual base railcar price plus inflationary increase is fair and reasonable to the Authority. Contract option award is contingent upon the successful review of all costs associated with this procurement, compliance with the Pre-Award/Buy America Audit requirements and FTA approval of applicable grants.

- 4.0 AFFIRMATIVE ACTION/ DBE BACKGROUND: Per federal regulations, the Office of Business Development does not conduct Affirmative Action reviews or establish goals on procurements involving the purchase of Transit Motor Vehicles.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: This contract option shall be funded through the RTA Development Fund, Fleet Management Department budget, including but not limited to Rolling Stock Reserve Funds as local match and Capital Grants from the FTA FFY 2024-FFY 2027 and Rail Vehicle Replacement Program in an amount not to exceed \$78,550,000.00, and pending commitments from Northeast Ohio Agency Areawide Coordinating Agency ("NOACA") in an amount not to exceed \$9,000,000.00, and pending commitments from the Ohio Department of Transportation Ohio Transit Preservation Partnership Program in the amount of \$16,850,000.00 and pending grant realignments for FFY 2026 through FFY 2028 in the amount of \$8,400,000.00 for spare parts and tooling, which results in a total change order amount of \$112,800,000.00. This resolution is contingent upon FTA approval of pending federal transit grant awards for FFY 2025-FFY 2027 and pending discretionary grants. (\$83,520,000.00 in federal funds which represent 80% of total cost). This change order will result in a new total contract amount not to exceed \$308,389,850.00.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would delay the ability of the Authority to purchase replacement railcars.
- 8.0 RECOMMENDATION: This contract option was discussed by the Board of Trustees at the November 5, 2024 Committee of the Whole meeting. It is recommended that the negotiated offer from Siemens Mobility, Inc. be accepted and the resolution adopted authorizing the General Manager, Chief Executive Officer to modify the contract.
- 9.0 ATTACHMENTS: Change Order Log.

Recommended and certified as appropriate to the
availability of funds, legal form and conformance with
the Procurement requirements.


General Manager, Chief Executive Officer

CHANGE ORDER No. 6 LOG

CONTRACT NO. 2021-125

TECHNICAL SPECIFICATION, PROGRA MANAGEMENT AND ENGINEERING SERVICES FOR RED LINE HRV REPLACEMENT

Contract #2021-125

Contractor: Siemens Mobility Inc.

Original Contract Amount \$163,920,115.00 Total G.M./C.E.O. Authority Remaining \$ 5,828,281.79

Total Change Order Amount To Date \$31,669,734.21 (\$144,469,734.21 Pending Board Approval)

ITEM NO.	NOTE No.	APPROVAL DATE	CHANGE ORDER AMOUNT	APPROVAL AUTHORITY	NEW CONTRACT AMOUNT
1	1	11-28-23	\$30,998,016	BOT	\$194,918,131.00
2	2	12-5-23	\$510,888	\$5,989,112.00	\$195,429,019.00
3	3	12-6-23	\$0.00	\$5,989,112.00	\$195,429,019.00
4	4	3-29-24	\$108,916.54	\$5,880,195.46	\$195,537,935.54
5	5	8-6-24	\$51,913.67	\$5,828,281.89	\$195,589,849.21
6	6	*11-19-24	\$112,800,000	BOT	\$308,389,850.00

NOTES/CHANGE ORDER DESCRIPTION:

CO No. 1 – Exercise 6 Vehicle Options

CO No. 2 – 4 Additional Couplers

CO No. 3 – Modification of SP-20B

CO No. 4 – Smoke Detectors

CO No. 5 – Additional Wheel Profiles

**CO No. 6 – 18 Option Vehicles, Spare Parts & Tooling - Change Order #6 has not been executed but is shown to display the full value of the contract after exercising Option 2 for 18 additional vehicles*