

[Contract Agreement - Hitachi Rail GTS USA Inc. - Design, Procurement, System Implementation - \$212,093,633 - Support of a Train Control System - \$114,070,833 - Extension Option of Support - \$237,681,185 - Total Contract \$563,845,651]

**Resolution approving an agreement between the City and County of San Francisco, acting by and through the San Francisco Municipal Transportation Agency (SFMTA), and Hitachi Rail GTS USA Inc. for design, furnishment, system implementation, support and related services for a Communications-Based Train Control System, for a contract term of nine years of design and procurement with an amount not to exceed \$212,093,633; followed by 10 years of support with an amount not to exceed \$114,070,833 and two five-year options to extend the support with an amount not to exceed \$237,681,185 for a total contract term of up to 29 years, and for a total contract amount of \$563,845,651, effective upon approval of this Resolution and execution of the agreement; and authorizing SFMTA to approve any additions, amendments or other modifications to the contract which cumulatively do not raise the not-to-exceed amount by more than 5% and are necessary or advisable to effectuate the purposes of the Resolution.**

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) operates the Muni Metro light rail system, which includes both shared surface right of way and dedicated subways controlled by an outdated analog loop cable-based Automatic Train Control System (ATCS), which first went into service in 1998, and has reached the end of its useful life; and

1           WHEREAS, In February 2020, the Muni Reliability Working Group recommendations  
2 included improving the long-term performance of the Muni rail system by replacing the train  
3 control system; and

4           WHEREAS, On December 6, 2022, the San Francisco Board of Supervisors passed  
5 Ordinance No. 252-22 waiving the Administrative Code prohibition against issuing solicitations  
6 for a contract exceeding ten years and authorizing the use of negotiated procurement  
7 procedures for a CBTC contract; and

8           WHEREAS, In March 2023, the SFMTA issued a Request for Proposals for a supplier  
9 of a Communications-Based Train Control (CBTC) system to replace the ATCS and extend  
10 train control territory to surface portions of Muni's rail network, to leverage significant  
11 technological advances in train control that will enable the SFMTA to operate its rail service  
12 with greater reliability, reduced delays, and increased passenger capacity; and

13           WHEREAS, In March 2024, the SFMTA issued a Request for Best and Final Offers for  
14 a supplier of a CBTC system as part of the approved negotiated procurement process; and

15           WHEREAS, The requested supplier contract with Hitachi Rail GTS USA Inc. will  
16 provide the SFMTA with the design, furnishment, system implementation, warranty, support  
17 and related services for a CBTC system; and

18           WHEREAS, The Civil Service Commission approved Personnel Services Contract  
19 request No. 44370 in connection with this contract on July 15, 2024; and

20           WHEREAS, The proposed Train Control Upgrade Project is subject to the California  
21 Environmental Quality Act (CEQA); CEQA provides an exemption from environmental review  
22 for mass transit projects that institute or increase passenger or commuter service on rail lines  
23 already in use, including the modernization of existing stations, as defined in Title 14 of the  
24 California Code of Regulations, Section 15275(a), and the California Public Resources Code,  
25 Sections 21080(b)(10) and 21080(b)(11); and

1 WHEREAS, On January 22, 2024, the Planning Department, determined (Case N2022-  
2 000870ENV) that the Train Control Upgrade Project is statutorily exempt from environmental  
3 review under CEQA Title 14 of the California Code of Regulations, Section 15275(a), and the  
4 California Public Resources Code, Sections 21080(b)(10) and 21080(b)(11); and

5 WHEREAS, The Approval Action under San Francisco Administrative Code, Section  
6 31.04(h)(2)(A), occurred when the SFMTA Board of Directors approved the Train Control  
7 Upgrade Project Consultant Contract in Resolution No. 240806-098 on August 6, 2024; and

8 WHEREAS, A copy of the CEQA determination is on file with the Clerk of the Board of  
9 Supervisors in File No. 241043; and

10 WHEREAS, On October 15, 2024, the SFMTA Board of Directors adopted Resolution  
11 No. 241015, authorizing the Director of Transportation to execute Contract No. SFMTA-2022-  
12 40 FTA with Hitachi Rail GTS USA Inc. for a contract term of nine years of design and  
13 procurement with an amount not to exceed \$212,093,633 followed by 10 years of support with  
14 an amount not to exceed \$114,070,833 and two five-year options to extend the support with  
15 an amount not to exceed \$237,681,185 for a total contract term of up to 29 years; and

16 WHEREAS, In order to provide managerial flexibility during the long-term contract, in  
17 the same Resolution, the SFMTA Board of Directors authorized the Director of Transportation  
18 to approve contract modifications issued under the contract up to the amount of \$2,000,000  
19 per contract modification; and

20 WHEREAS, Under Charter, Section 9.118, the Board of Supervisors must approve this  
21 contract since it is an expenditure contract in excess of \$10,000,000 and must approve  
22 modifications or amendments of the contract having an impact of more than \$500,000; and

23 WHEREAS, A copy of the said contract is on file with the Clerk of the Board of  
24 Supervisors in File No. 241043, which is declared to be a part of this resolution as if set forth  
25 fully herein; now therefore, be it

1 RESOLVED, That the Board of Supervisors approves the SFMTA entering into a  
2 contract with Hitachi Rail GTS USA Inc. for a Communications-Based Train Control System  
3 contract for a term of nine years of design and procurement with an amount not to exceed  
4 \$212,093,633 followed by 10 years of support with an amount not to exceed \$114,070,833  
5 and two five-year options to extend the support with an amount not to exceed \$237,681,185  
6 for a total contract term of up to 29 years and a total contract amount of \$563,845,651; and,  
7 be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the SFMTA to  
9 approve any additions, amendments or other modifications to the contract to increase the not  
10 to exceed amounts authorized by this Resolution and stated in the preceding paragraph by up  
11 to 5% if the Director of Transportation, in consultation with the City Attorney, determines is in  
12 the best interest of the SFMTA, and are necessary or advisable to complete the transactions  
13 contemplated and effectuate the purpose and intent of this Resolution, such determination to  
14 be conclusively evidenced by the execution and delivery by the Director of Transportation of  
15 any such documents; and, be it

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

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City and County of San Francisco  
Tails  
Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 241043

Date Passed: November 19, 2024

Resolution approving an agreement between the City and County of San Francisco, acting by and through the San Francisco Municipal Transportation Agency (SFMTA), and Hitachi Rail GTS USA Inc. for design, furnishment, system implementation, support and related services for a Communications-Based Train Control System, for a contract term of nine years of design and procurement with an amount not to exceed \$212,093,633; followed by 10 years of support with an amount not to exceed \$114,070,833 and two five-year options to extend the support with an amount not to exceed \$237,681,185 for a total contract term of up to 29 years, and for a total contract amount of \$563,845,651, effective upon approval of this Resolution and execution of the agreement; and authorizing SFMTA to approve any additions, amendments or other modifications to the contract which cumulatively do not raise the not-to-exceed amount by more than 5% and are necessary or advisable to effectuate the purposes of the Resolution.

November 13, 2024 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

November 13, 2024 Budget and Finance Committee - RECOMMENDED AS AMENDED

November 19, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 241043

I hereby certify that the foregoing Resolution was ADOPTED on 11/19/2024 by the Board of Supervisors of the City and County of San Francisco.

f Angela Calvillo  
Clerk of the Board

London N. Breed  
Mayor

Date Approved