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OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

Memorandum

MIAMI-DADE COUNTY

Date: May 6, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Agenda Item No. 8(J)(1)(G)

Resolution No. R-487-08

Subject: Resolution Authorizing Exercising of an Option Between Miami-Dade County and Bombardier Transportation (Holdings) USA, Inc. for the Purchase of 17 New Metromover Replacement Vehicles - Contract No. SS 1908-0/7

RECOMMENDATION

It is recommended that the Board of County Commissioners (Board) approve the attached resolution exercising an option of the contract between Miami-Dade County and Bombardier Transportation (Holdings) USA Inc. for the purchase of new Phase 2 Metromover replacement vehicles, Contract No. SS 1908-0/7. The PTP Amendment with the requisite funding was forwarded with a favorable recommendation by the Citizens' Independent Transportation Trust on March 26, 2008 and is presented to the Board under separate cover.

SCOPE

While the existing Metromover guideway is physically located within Commission Districts 3, 5, and 7, its service impact benefits the riding public and is, therefore, countywide.

FISCAL IMPACT/FUNDING SOURCE

This purchase would be funded 100% with proceeds from the Charter County Transit System Surtax (Surtax) through the issuance of bonds. The contract cost for the 17 new Phase 2 replacement vehicles is a not to exceed amount of $34,370,284 (inclusive of a 5% allowance account of $1,530,000, a not to exceed amount of $2,000,000 for future Letters of Credit or Bonds, and a negotiated per vehicle cost of $1,814,134).

For the commitment to purchase the 17 additional Metromover vehicles, a price of $25,485,383 (or a per vehicle price of $2,123,782, exclusive of a 5% allowance account of $1,270,000) was negotiated for the initial 12, with a significant reduction to $1,814,134 per vehicle for the remaining 17 (or a discounted rate of $309,648 per car). This significant reduction resulted because the Contractor will be able to purchase materials in more cost efficient lots of 29 rather than smaller lot amounts of 12 or 17 resulting in cost savings to the Contractor that are being passed on to the County in the form of a reduced per vehicle price. As a result of the purchase of the additional 17 vehicles, Bombardier is also supplying the following with the initial 12 Phase 1 vehicles: spare parts valued at $430,274, training and manuals valued at $445,031, test equipment valued at $548,501, and special tools valued at $31,069 for a total of $1,454,875 in enhancements. These negotiated terms and prices compare favorably with previous purchases for MDT and other transit properties for which base vehicle prices were available.

TRACK RECORD/MONITOR

Bombardier's contract for new Metromover vehicles was issued in April 2006. Since that time Bombardier's performance has been excellent. A formal evaluation of Bombardier's performance is due at the end of the acceptance of the first 12 vehicles on the contract scheduled for September 2008.

Bombardier had a contract with the Aviation Department at Miami International Airport for the maintenance and operation of the airport people mover system. In concert with MDT, the Aviation Department has rated the track record on this contract as satisfactory.

The MDT employee responsible for managing this PTP-approved project is Richard Snedden, Assistant Director for Rail Services.

BACKGROUND

On April 15, 1980, Westinghouse Electric Corporation, now Bombardier, entered into Contract DPM-02 with the County to supply a fully operational, automated People Mover (Metromover) system in downtown Miami. The system consisted of a proprietary guideway, vehicles and an automated train control system that are fully compatible with each other. Metromover Phase 1 fleet opened for service in 1986 with 12 vehicles. In 1994, the Omni and Brickell extensions were opened with an additional 17 vehicles.

After voter approval of the Surtax in November 2002, a miscellaneous capital improvements listing, which included the rehabilitation of the Metromover Phase 1 vehicles, was approved by both the Board (R-1154-03) and the CITT (R-03-002). However, during the process of developing plans to rehabilitate the existing fleet, MDT determined that it was more cost effective to replace rather than rehabilitate its 12 oldest Metromover vehicles. A subsequent amendment, recommending the procurement of 12 new Metromover vehicles (Phase 1) and the coupler retrofit of the remaining 17 vehicles (Phase 2), was approved in 2004. The Board approved the amendment on October 19, 2004 through Resolution No. R-1240-04.

Miami-Dade County's Contract with Bombardier for the purchase of 29 new Metromover vehicles was approved by the Board on January 24, 2006 (Resolution R-58-06) and by the CITT on February 22, 2006. As detailed in previous items, the 29 vehicle contract consisted of two phases. However, at the time of contract approval, only funding for the Phase 1 vehicles was identified. Funding for the Phase 2 vehicles was not identified and the item was amended at the December 15, 2005 Regional Transportation Committee (RTC) requiring that the County identify a funding source and secure Board approval, prior to exercising the option for Phase 2. Additionally, Phase 1 included a cancellation penalty of $1 million if Phase 2 was cancelled. Therefore, proceeding with Phase 2 avoids the $1 million cancellation clause.

A stipulation in the contract called for a Notice-to-Proceed (NTP) to be issued for Phase 2 within 24 months of the NTP for the Phase 1 replacement vehicles. The NTP for Phase 1 was issued on April 21, 2006. MDT requested and received a 90-day extension of issuance of the NTP; the new timeframe by which the County has to exercise the option is now July 17, 2008.

If the Phase 2 vehicles are cancelled, Bombardier estimates that new vehicles procured at the end of the Phase 2 vehicle life cycle in year 2014, will be escalated up to $2,881,416 ($3,025,487 including 5% contingency) per vehicle or a total of $51,433,279 as opposed to $34,370,284 today. Additionally, the County will incur a $1 million cancellation fee should the option to cancel be exercised. (The Fiscal Year 2008 Capital Appropriations for the Phase 1 replacement vehicles of the contract included a contingency for this cancellation fee.) Therefore, this recommendation to purchase new Phase 2 Metromover vehicles represents a significant price advantage and represents the best value option for the County.

MDT needs to address the replacement of the Phase 2 vehicles earlier due to the amount of wear and tear these vehicles have undergone. Phase 2 vehicles have been used considerably more in revenue service compared to the original 12 and, based on accumulated mileage, will be ready for replacement at about 17 years (2011) rather than the industry predicted 20 years (2014). In addition, implementation of 24-hour service immediately following the passage of the PTP in 2002, also increased the mover mileage accumulation as well as higher passenger loadings.

It should be noted that if the existing 17 vehicles are retired in 2010 (4 years before the end of their specified 20 year useful life), the remaining Federal interest in the vehicles has been estimated at approximately $3,192,000. This is based on the original 75/25 Federal/County participation ratio on a

purchase price of $21,280,000 in 1994. If assessed, this interest would be deducted from future grant agreements with the Federal Transit Administration (FTA). MDT has had numerous discussions with FTA officials to explore options for mitigation of this amount. While no final determination has been made, MDT is investigating possible options to keep the vehicles in use and avoid interest assessment. Some of these options include: transferring the vehicles to another public agency; keeping part of the fleet active to enhance current operations, possibly adding two-car trains on the extensions to better serve downtown development; and discussing with Bombardier the possibility of extending the production/delivery schedule. However, it is important to note that even if the federal interest is ultimately assessed in full, the plan to purchase new vehicles remains the more cost-effective option due to the reduced purchase price that was negotiated for Phase 2 and estimated future costs associated with a separate procurement for Phase 2 vehicles in 2014, as noted above. MDT would also incur an additional $4 million in overhaul/maintenance costs to extend the useful life of the existing Phase 2 vehicles to 2014 due to required cyclical inspections and scheduled component replacements. MDT is currently weighing the full financial impacts of these options, which need to be considered against their full operational and maintenance requirements.

Assistant County Manager

MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: May 6, 2008

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 8(J)(1)(G)

Please note any items checked.

_____ **"4-Day Rule" ("3-Day Rule" for committees) applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Bid waiver requiring County Manager's written recommendation**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **Housekeeping item (no policy decision required)**

_____ **No committee review**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 8(J)(1)(G)
5-6-08

RESOLUTION NO. **R-487-08**

RESOLUTION AUTHORIZING EXERCISING OF AN OPTION IN AN AMOUNT NOT TO EXCEED $34,370,284 BETWEEN MIAMI-DADE COUNTY AND BOMBARDIER TRANSPORTATION (HOLDINGS) USA, INC., FOR THE PURCHASE OF 17 NEW PHASE 2 METROMOVER REPLACEMENT VEHICLES FOR CONTRACT NO. SS 1908-0/7; AND AUTHORIZING THE COUNTY MAYOR OR HIS DESIGNEE TO EXECUTE SAME

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board authorizes the exercising of an option in an amount not to exceed $34,370,284 between Miami-Dade County and Bombardier Transportation (Holdings) USA, Inc., for the purchase of 17 new Phase 2 Metromover replacement vehicles for Contract No. SS 1908-0/7, in substantially the form attached hereto and made a part thereof; and authorizes the County Mayor, or his designee, to execute same for and on behalf of Miami-Dade County.

The foregoing resolution was offered by Commissioner **Dennis C. Moss** ,

who moved its adoption. The motion was seconded by Commissioner **Dorrin D. Rolle**

and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman **aye**
Barbara J. Jordan, Vice-Chairwoman **aye**

Jose "Pepe" Diaz	**aye**	Audrey M. Edmonson	**absent**
Carlos A. Gimenez	**aye**	Sally A. Heyman	**aye**
Joe A. Martinez	**absent**	Dennis C. Moss	**aye**
Dorrin D. Rolle	**aye**	Natacha Seijas	**aye**
Katy Sorenson	**aye**	Rebeca Sosa	**aye**
Sen. Javier D. Souto	**absent**		

The Chairperson thereupon declared the resolution duly passed and adopted this 6th day of May, 2008. This resolution shall become effective as follows: (1) ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board, and (2) either i) the Citizens' Independent Transportation Trust (CITT) has approved same, or ii) in response to the CITT's disapproval, the County Commission re-affirms its award by two-thirds (2/3) vote of the Commission's membership and such reaffirmation becomes final.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: **Kay Sullivan**
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Bruce Libhaber