

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Authorizing the Director of Transportation to execute an Agreement with Alstom Transportation, Inc. for vendor managed inventory (“VMI”) services to provide rail parts and supplies for an initial term of two years with an option to extend the term for up to three additional years at the Director of Transportation’s sole discretion for a total contract amount not to exceed \$39,158,000 offset by a \$30,000,000 reduction to the SFMTA’s Operating Budget for materials and supplies.

SUMMARY:

- The SFMTA currently purchases parts and supplies through a competitive process.
- In an effort to improve availability of rail parts, the SFMTA proposes to enter into this Agreement which is a new business model to enhance efficiencies and savings.
- The Division’s Rail Maintenance Section currently receives an average of 516 materials requests per month. Certain parts may be depleted from inventory faster than anticipated. Delays in obtaining these parts result in delayed repairs which negatively impact the Agency’s delivery of service. Conversely, slow consumption can result in funds expended on overstocked parts The SFMTA conducted a competitive request for proposals (RFP) process and selected Alstom Transportation. Alstom will be required to provide inventory planning and automated replenishment of spare parts with strict performance guidelines
- Alstom will be required to maintain an in-stock balance of high demand/critical parts and will also implement a barcoding system
- The Board of Supervisors (BOS) must approve this Agreement since it is an expenditure contract in excess of \$10 million dollars.

ENCLOSURES:

1. SFMTA Board Resolution
2. Agreement

APPROVALS:

DATE

DIRECTOR _____

July 8, 2013

SECRETARY _____

July 8, 2013

ASSIGNED SFMTAB CALENDAR DATE: July 16, 2013

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PURPOSE

Authorizing the Director of Transportation to execute an Agreement with Alstom Transportation, Inc. for vendor managed inventory (“VMI”) services to provide rail parts and supplies for an initial term of two years with the option to extend the term for up to three additional years at the Director of Transportation’s sole discretion for a total contract amount not to exceed \$39,158,000 offset by a \$30,000,000 reduction to the SFMTA’s Operating Budget for materials and supplies.

GOAL

This Agreement would meet or further the following goal and related objectives in the *SFMTA Strategic Plan*:

Goal 2: Make transit, walking, bicycling, taxi, ridesharing & carsharing the preferred means of travel.

Objective 2.1: Improve customer service and communications.

Objective 2.2: Improve transit performance.

DESCRIPTION

The SFMTA currently purchases parts and supplies for all SFMTA divisions, including the Transit Division, by issuing competitive bids for every item requested. Both purchasing and payable functions are currently performed by the City’s Office of Contract Administration (OCA) and SFMTA staff. The work has been challenging and often complicated due to the large volume of requests for frequently needed parts and supplies, and difficulty identifying timely sources for certain parts for an aging transit vehicle fleet. The Rail Maintenance Section receives an average of 516 materials requests per month.

SFMTA staff believes this contract will enhance the reliability of the rail fleet because it will streamline parts acquisition and inventory management processes. This contract will enhance opportunities for an uninterrupted supply chain, which in turn will improve service and vehicle reliability.

Staff currently purchasing materials and supplies for the Rail Maintenance Section under this contract will be assigned purchasing duties for other SFMTA Divisions. Storeroom staff will continue to operate in their current capacity. SFMTA staff have met and conferred on several occasions with both Local 21 and SEIU 1021 to assure them that employees will not lose jobs due to this contract.

Staff will evaluate the performance of this contract prior to the end of the second year to determine if the service being provided has been successful. A Performance Measures and Key Performance Index (Exhibit 3 of the agreement) will be used for this purpose. Some of items that will be measured include:

- Review costs associated with provision of parts, as compared to prior years
- Review performance related to receipt of parts
- 98% fill rate of parts
- 24 hour delivery of critical and high usage parts
- Total number of vehicles held for parts not delivered

Scope of Services

The Contractor's proposed scope of services will include:

- **Program Goals:** Provide parts on a cost-effective and efficient basis, incorporating best practices in providing inventory planning and automated replenishment of spare parts, with strict performance guidelines for response times and fill rates; and ensure a continuous supply of parts that will allow the SFMTA to meet its goals and objectives related to transit vehicle fleet reliability.
- **Jointly Managed Inventory Support:** Use a state-of-the-art inventory management system to support jointly managed inventory. Working in collaboration with the SFMTA's Materials Management, Maintenance, and Fleet Engineering, Alstom will provide analyses of material usage and recommendations for alternative sourcing of parts, incorporating reliability engineering. Alstom will also analyze data generated by any automatic monitoring systems installed in the vehicles, as related to parts needs. Finally, Alstom will be required to maintain inventory balances of parts in their warehouse and maintain an in-stock balance of high-usage parts identified by the SFMTA equal to two months of the annual projected demand.
- **End of Contract Disposition of Materials:** The SFMTA assumes no responsibility to purchase parts acquired by the vendor under the contract, except for specialized parts such as kits and/or custom manufactured items. These items will be purchased at the agreed-upon unit price and at a quantity not to exceed a three-month supply.
- **Performance Indicators:** The performance standard for high usage parts delivered under this contract is an overall 98 percent fill rate, and for critical and high demand parts fulfillment, within 24 hours. These terms are subject to liquidated damages of \$1,000 per day, as well as the costs for SFMTA procuring the necessary part from another source to meet operational needs.
- **Materials Management Inventory System:** Alstom is required to work closely with the SFMTA to develop an appropriate interface with its VMI system to ensure that all required information can be exchanged.
- **Maintenance Engineering Support:** Alstom will review parts usage and provide technical recommendations and solutions to help the SFMTA secure needed parts to enhance fleet reliability and operations, assist SFMTA Fleet Engineering to analyze repetitive part or equipment failures, and provide alternatives for review to allow for streamlining maintenance costs and access to needed parts. As part of the collaborative work with Fleet Engineering, Alstom will report any safety hazards noted in the course of assessing parts needs.
- **Technology Support:** To the extent that the SFMTA utilizes an automated internal vehicle monitoring system, Alstom will work collaboratively with the SFMTA's Maintenance, Fleet Engineering and Materials Management in the provision of technological support, providing pertinent analysis and data interpretation as related to parts needs.

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- **Billing:** Currently, the SFMTA processes 420 invoices monthly for the Rail Maintenance Section alone. Alstom will be required to bill the SFMTA electronically on a consolidated monthly basis in order to minimize administrative expenses. The Contractor will be required to maintain procurement and inventory records for supporting documentation.

Competitive Solicitation

The SFMTA issued a competitive request for proposals (RFP) to solicit potential vendors to provide needed parts in a cost-effective and efficient manner and provide inventory planning and automated replenishment of spare parts with strict performance guidelines requiring defined response times and fill rates.

Two firms submitted proposals in response. Alstom Transportation, Inc. and AnsaldoBreda, Inc. submitted proposals in response to the RFP. A group of panelists scored the written proposals according to the RFP criteria. The panelists later scored the competing firms based on oral interviews.

The SFMTA selected Alstom Transportation, Inc. (Alstom) as the highest scoring vendor. In addition to the above stated contract goals, the purpose of entering into an Agreement for these VMI services is to allow the SFMTA to meet its objectives in terms of reliability.

Firm Qualifications, Experience and Past History with the SFMTA

Alstom is an international company with more than 92,000 employees in 100 countries. The firm employs 6,000 people in 45 states in the United States and has over 100 years of experience in the U.S. market through its legacy brands.

Alstom has successfully provided full VMI services since 2006 to Amtrak. Additionally, the Contractor has provided parts under similar terms and conditions for trains it has built or assisted in building for such fleets as Amtrak’s High Horsepower (HHP) locomotive fleet; Strasburg, France’s Citadis 403 Trams; Helsingborg, Sweden’s Coradia Nordic X61 regional trains; and Santo Domingo, Dominican Republic’s Metropolis trainsets.

Alstom provided emergency retrofit and overhaul services from 1999 to 2001 for Muni’s former Boeing light rail vehicle (LRV) fleet. LRV retrofit and overhaul services have more recently been provided by AnsaldoBreda, which manufactured the SFMTA’s current LRV fleet.

Subcontractors and Suppliers

Alstom will enter into subcontracts with the following San Francisco General Services Agency – Contract Monitoring Division (CMD)-certified local business enterprises (LBEs):

Firm	Portion of Work	% of Work
All Counties Trucking, Inc.	Trucking and Hauling	2.94
Omega Pacific Electrical Supply, Inc.	Electrical Equipment and Supplier	0.04
T & S Trading Co.	Transportation Vehicle Sales, Equipment and Supplies	1.27
Parthex	Transportation Vehicle Sales,	12.64

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	Equipment and Supplies	
East Bay Sign Co. d.b.a. Borden Decal	Signs	0.05
Center Hardware and Supply Co., Inc.	Construction, Building Materials and Supplies	0.02
Bonini-Rusake, Inc. d.b.a. Harrison & Bonini	Construction, Building Materials and Supplies	0.05
Total:		17.01%

The SFMTA’s Contract Compliance Office found Alstom to be responsive to, and compliant with San Francisco Administrative Code (SFAC) Chapter 14B (LBE) requirements.

Alstom’s supplier agreements use consistent language and stipulations to globally implement the firm’s ethics and compliance rules. Additionally, Alstom uses “flow down” from its customer contractual agreements to make them part of its supplier agreements. This will ensure that suppliers follow SFMTA requirements.

Alstom uses a strict review process for all prospective suppliers to ensure that their supplies and products pose no risk to Alstom or its customers.

ALTERNATIVES CONSIDERED

The SFMTA considered hiring additional staff to expedite requests for parts. However, it was determined that this was not a viable option as it would not address the following root causes of the Agency’s inability to obtain parts in a timely manner:

- Parts that are often obsolete and no longer produced and the difficulty or inability to find them.
- Parts from foreign countries, which are not readily available.
- Parts that have long delivery lead times of up to 24 months.
- Parts from smaller vendors that find the City’s purchasing requirements complex and overwhelming and are therefore reluctant to bid, or do not provide timely responses to the SFMTA’s requests for bids.

Additionally, any attempt by the SFMTA to reproduce the technological aspects of the services offered by Alstom would require a significant investment in technology and training. Any potential savings from the investment may not be realized for several years if at all.

FUNDING IMPACT

Operating funds for these VMI services currently reside in the materials and supplies budget for the SFMTA’s Rail Maintenance Section in the Transit Division.

The estimated budget for the first year of the Agreement is shown in the following table and includes certain one-time costs:

Expenditure	Cost
One-time Mobilization / Alstom RailSys Maintenance Management Information System (MMIS) with the SFMTA's SHOPS system	\$300,000
One-time Bar-coding Cost for four SFMTA storerooms	\$758,000
Annual Parts Management	\$1,620,000
Annual Estimated Parts Costs (from parts budget)	\$6,000,000
Total Estimated First-year Costs:	\$8,678,000

The estimated cost for each subsequent year is \$7,620,000. However, the Agency anticipates that the actual costs will be less due to increased vendor efficiencies and economies of scale.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

Pursuant to Charter section 9.118, the Board of Supervisors (BOS) must approve this Agreement since it is an expenditure contract in excess of \$10 million dollars.

The City's Civil Service Commission has approved contracting out these services for up to five years.

The City Attorney has reviewed this report.

RECOMMENDATION

The SFMTA recommends that the SFMTA Board of Directors authorize the Director of Transportation to execute an Agreement with Alstom Transportation, Inc. for VMI services to provide rail parts and supplies for an initial term of two years with an option to extend the term for up to three additional years at the Director of Transportation's sole discretion for a total contract amount not to exceed \$39,158,000 offset by \$30,000,000 reduction to parts budget.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) provides public transit rail services to its customers using modern light rail vehicles (LRVs), vintage domestic and foreign streetcars, and the SFMTA's historic cable cars; and,

WHEREAS, The maintenance and repair of these vehicles require the continuous procurement and inventory of parts from a variety of vendors; and,

WHEREAS, Certain parts are difficult to procure due to obsolescence, foreign distribution, long delivery lead times, and the reluctance of certain smaller vendors to bid due to City and County of San Francisco contracting requirements; and,

WHEREAS, The difficulties in procuring parts delay the repair and maintenance of rail vehicles, which results in an overall reduction of working vehicles and negatively impacts the SFMTA's ability to provide rail transit services to its customers at full capacity; and,

WHEREAS, In an effort to remedy the difficulties in procuring parts, the SFMTA issued a competitive request for proposals (RFP) for a vendor to provide vendor managed inventory (VMI) services; and,

WHEREAS, The SFMTA selected Alstom Transportation, Inc. as the most qualified vendor to provide these services; and,

WHEREAS, SFMTA staff request authorization for the Director of Transportation to execute an Agreement with Alstom Transportation, Inc. for VMI services to provide rail parts and supplies for an initial term of two years with an option to extend the term for up to three additional years at the Director of Transportation's sole discretion for a total contract amount not to exceed \$39,158,000 offset by \$30,000,000 reduction to parts budget; and,

WHEREAS, Pursuant to Charter section 9.118, the Board of Supervisors must also approve this Agreement since it is an expenditure contract in excess of \$10 million dollars; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute an Agreement with Alstom Transportation, Inc. for VMI services to provide rail parts and supplies for an initial term of two years with an option to extend the term for up to three additional years at the Director of Transportation's sole discretion for a total contract amount not to exceed \$39,158,000 offset by \$30,000,000 reduction to the SFMTA's Operating Budget for materials and supplies.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of July 16, 2013.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave., 7th Floor
San Francisco, California 94103**

**Agreement between the City and County of San Francisco and
Alstom Transportation, Inc.
for Vendor Managed Inventory (VMI) Services**

Contract No. SFMTA -2011/12-06

This Agreement is made this First day of August, 2013, in the City and County of San Francisco, State of California, by and between: Alstom Transportation, Inc., 1001 Frontenac Road, Naperville, IL 60563 (“Contractor”), and the City and County of San Francisco, a municipal corporation (“City”), acting by and through its Municipal Transportation Agency (“SFMTA”).

Recitals

- A. The SFMTA seeking a vendor to provide Vendor Managed Inventory (VMI) Services to manage and supply parts for its Rail Fleet maintenance program.
- B. A Request for Proposals (“RFP”) was issued on June 6, 2012, and City selected Contractor as the highest ranked proposer.
- C. Contractor represents and warrants that it is qualified to perform the services required by City as described in this contract.
- D. Approval for this Agreement was obtained when the Civil Service Commission approved contract number 4119-11/12 on May 7, 2012.

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation. This Agreement is subject to the budget and fiscal provisions of the City’s Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City’s obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor’s assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement. Subject to Section 1, the term of this Agreement shall be from August 1, 2013 to July 31, 2015.

In addition, the City shall have the option to extend the term for up to three additional one year terms at the SFMTA's Director of Transportation's sole, absolute discretion.

3. Effective Date of Agreement. This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform. The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation. Compensation shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 4 of this Agreement, that the SFMTA's Director of Transportation, in his sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this Agreement exceed Thirty-Nine Million, One Hundred Fifty-Eight Thousand Dollars (\$39,158,000). The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the SFMTA as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of HRC Progress Payment Form. If Progress Payment Form is not submitted with Contractor's invoice, the Controller will notify the SFMTA, the Director of HRC and Contractor of the omission. If Contractor's failure to provide HRC Progress Payment Form is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until HRC Progress Payment Form is provided. Following City's payment of an invoice, Contractor has ten days to file an affidavit using HRC Payment Affidavit verifying that all subcontractors have been paid and specifying the amount.

6. Guaranteed Maximum Costs. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and

employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format. Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include a unique invoice number. All amounts paid by City to Contractor shall be subject to audit by City. Payment shall be made by City to Contractor at the address specified in the section entitled “Notices to the Parties.”

8. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code, is available on the web at [http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1). A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

9. Left blank by agreement of the parties. (Disallowance)

10. Taxes. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor. Contractor recognizes and understands that this Agreement may create a “possessory interest” for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a “change in ownership” for purposes of real property taxes, and

therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work. The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

12. Qualified Personnel. Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment. City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. Independent Contractor. Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments,

whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. Payment of Taxes and Other Expenses. Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance.

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(4) Professional liability insurance, applicable to Contractor's profession, with limits not less than \$1,000,000 each claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Agreement.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(1) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. Regarding Workers' Compensation, Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

d. Vendor shall provide thirty (30) days prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to the City. Notices shall be sent to the City address in the "Notices to the Parties" section.

e. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

f. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

g. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

h. Before commencing any operations under this Agreement, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of

California, and that are satisfactory to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

i. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

j. If a subcontractor will be used to complete any portion of this agreement, the Contractor shall ensure that the subcontractor shall provide all necessary insurance and shall name the City and County of San Francisco, its officers, agents and employees and the Contractor listed as additional insureds.

16. Indemnification

a. General. To the fullest extent permitted by law, Contractor shall assume the defense of (with legal counsel subject to approval of the City), indemnify and save harmless the City, its boards, commissions, officers, and employees (collectively "Indemnitees"), from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of an employee of the Contractor or its subconsultants), expense and liability of every kind, nature, and description (including, without limitation, incidental and consequential damages, court costs, attorneys' fees, litigation expenses, fees of expert consultants or witnesses in litigation, and costs of investigation), that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of the Contractor, any subconsultant, anyone directly or indirectly employed by them, or anyone that they control (collectively, "Liabilities").

b. Limitations. No insurance policy covering the Contractor's performance under this Agreement shall operate to limit the Contractor's Liabilities under this provision. Nor shall the amount of insurance coverage operate to limit the extent of such Liabilities. The Contractor assumes no liability whatsoever for the sole negligence, active negligence, or willful misconduct of any Indemnitee or the contractors of any Indemnitee. Contractor's total aggregate liability to the City for breach of contract under the Agreement shall in no event exceed 100 percent of the total Contract amount.

c. Copyright Infringement. Contractor shall also indemnify, defend and hold harmless all Indemnitees from all suits or claims for infringement of the patent rights, copyright, trade secret, trade name, trademark, service mark, or any other proprietary right of any person or persons in consequence of the use by the City, or any of its boards, commissions, officers, or employees of articles or services to be supplied in the performance of Contractor's services under this Agreement. Infringement of patent rights, copyrights, or other proprietary rights in the performance of this Agreement, if not the basis for indemnification under the law, shall nevertheless be considered a material breach of contract.

17. Incidental and Consequential Damages. Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

18. Liability of City. CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. Liquidated Damages. By entering into this Agreement, Contractor agrees that in the event the Services, as provided under Section 4 herein, are delayed beyond the scheduled milestones and timelines as provided in Appendix A, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of One Thousand Dollars (\$1,000) per day for each day of delay beyond scheduled milestones and timelines is not a penalty, but is a reasonable estimate of the loss that City will incur based on the delay, established in light of the circumstances existing at the time this contract was awarded. City may deduct a sum representing the liquidated damages from any money due to Contractor. Such deductions shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to deliver to City within the time fixed or such extensions of time permitted in writing by Purchasing. Payment of liquidated damages is expressly the sole and exclusive remedy for the conditions for which liquidated damages may be assessed under the Agreement.

20. Default; Remedies. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

8. Submitting False Claims; 10. Taxes; 15. Insurance; 24. Proprietary or Confidential Information of City; 30. Assignment; 37. Drug-Free Workplace Policy; 53. Compliance with Laws; and 57. Protection of Private Information.

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from City to Contractor.

(3) Contractor (a) is generally not paying its debts as they become due, (b) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a custodian, receiver, trustee or

other officer with similar powers of Contractor or of any substantial part of Contractor's property or (e) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (a) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (b) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (c) ordering the dissolution, winding-up or liquidation of Contractor.

On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor all damages, losses, costs or expenses incurred by City as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by City.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that City designates to be completed prior to the date of termination specified by City.

(7) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work City directed Contractor to perform prior to the specified termination date, for which services or work City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of City, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the City or otherwise disposed of as directed by the City.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the services or other work.

d. In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, City may deduct: (1) all payments previously made by City for work or other services covered by Contractor's final invoice; (2) any claim which City may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. City's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties upon Termination or Expiration. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement:

8. Submitting False Claims; 9. Disallowance; 10. Taxes; 11. Payment Does Not Imply Acceptance of Work; 13. Responsibility for Equipment; 14. Independent Contractor; Payment of Taxes and Other Expenses; 15. Insurance; 16. Indemnification; 17. Incidental and Consequential Damages; 18. Liability of City; 24. Proprietary or Confidential Information of City; 26. Ownership of Results; 27. Works for Hire; 28. Audit and Inspection of Records; 48. Modification of Agreement; 49. Administrative Remedy for Agreement Interpretation; 50. Agreement Made in California; Venue; 51. Construction; 52. Entire Agreement; 56. Severability; and 57. Protection of Private Information.

Subject to the immediately preceding sentence, upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City. This subsection shall survive termination of this Agreement.

23. Conflict of Interest. Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

24. Proprietary or Confidential Information of City. Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned

or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties. Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, or by e-mail, and shall be addressed as follows:

To City: Angela Carmen Howes
Manager, Storeroom Operations and Inventory Control
San Francisco Municipal Transportation Agency
One South Van Ness Avenue, Sixth Floor
San Francisco, CA 94103-5417
Fax: 415.701.4727
E-mail: Angela.CarmenHowes@sfmta.com

To Contractor: Philip Cribbin
Director FMM Contracts
Alstom Transportation, Inc.
1001 Frontenac Road
Naperville, IL 60563
E-mail: Philip.Cribbin@transport.alstom.com

Any notice of default must be sent by registered mail.

26. Ownership of Results. Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire. If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records. Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

29. Subcontracting. Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment. The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Reserved

33. Local Business Enterprise Utilization; Liquidated Damages

a. The LBE Ordinance. Contractor, shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase Contractor's obligations or liabilities, or materially diminish Contractor's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Contractor's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Contractor's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws

prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

(1) Enforcement. If Contractor willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Contractor authorized in the LBE Ordinance, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

Contractor agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

(2) Subcontracting Goals. The LBE subcontracting participation goal for this contract is **17%**. Contractor shall fulfill the subcontracting commitment made in its bid or proposal. Each invoice submitted to City for payment shall include the information required in the HRC Progress Payment Form and the HRC Payment Affidavit. Failure to provide the HRC Progress Payment Form and the HRC Payment Affidavit with each invoice submitted by Contractor shall entitle City to withhold 20% of the amount of that invoice until the HRC Payment Form and the HRC Subcontractor Payment Affidavit are provided by Contractor. Contractor shall not participate in any back contracting to the Contractor or lower-tier subcontractors, as defined in the LBE Ordinance, for any purpose inconsistent with the provisions of the LBE Ordinance, its implementing rules and regulations, or this Section.

(3) Subcontract Language Requirements. Contractor shall incorporate the LBE Ordinance into each subcontract made in the fulfillment of Contractor's obligations under this Agreement and require each subcontractor to agree and comply with provisions of the ordinance applicable to subcontractors. Contractor shall include in all subcontracts with LBEs made in fulfillment of Contractor's obligations under this Agreement, a provision requiring Contractor to compensate any LBE subcontractor for damages for breach of contract or liquidated damages equal to 5% of the subcontract amount, whichever is greater, if Contractor

does not fulfill its commitment to use the LBE subcontractor as specified in the bid or proposal, unless Contractor received advance approval from the Director of HRC and contract awarding authority to substitute subcontractors or to otherwise modify the commitments in the bid or proposal. Such provisions shall also state that it is enforceable in a court of competent jurisdiction. Subcontracts shall require the subcontractor to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination of this contract and to make such records available for audit and inspection by the Director of HRC or the Controller upon request.

(4) Payment of Subcontractors. Contractor shall pay its subcontractors within three working days after receiving payment from the City unless Contractor notifies the Director of HRC in writing within ten working days prior to receiving payment from the City that there is a bona fide dispute between Contractor and its subcontractor and the Director waives the three-day payment requirement, in which case Contractor may withhold the disputed amount but shall pay the undisputed amount. Contractor further agrees, within ten working days following receipt of payment from the City, to file the HRC Payment Affidavit with the Controller, under penalty of perjury, that the Contractor has paid all subcontractors. The affidavit shall provide the names and addresses of all subcontractors and the amount paid to each. Failure to provide such affidavit may subject Contractor to enforcement procedure under Administrative Code §14B.17.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate. In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts. Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits. Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified

above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract. As a condition to this Agreement, Contractor shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy. Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation. Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

39. Compliance with Americans with Disabilities Act. Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities

provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records. If the Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

42. Limitations on Contributions. Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and

chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

43. Requiring Minimum Compensation for Covered Employees

a. Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Contractor's obligations under the MCO is set forth in this Section. Contractor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Contractor to pay Contractor's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

c. Contractor shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Contractor shall maintain employee and payroll records as required by the MCO. If Contractor fails to do so, it shall be presumed that the Contractor paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Contractor's job sites and conduct interviews with employees and conduct audits of Contractor.

f. Contractor's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Contractor fails to comply with these requirements. Contractor agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and

the public will incur for Contractor's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Contractor understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 in the fiscal year.

44. Requiring Health Benefits for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO,

Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Contractor shall keep itself informed of the current requirements of the HCAO.

i. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Contractor shall allow City to inspect Contractor's job sites and have access to Contractor's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

m. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

45. First Source Hiring Program

a. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement. As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the FSHA, the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

(1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal, or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

(2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

(3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

(4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

(5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

(6) Set the term of the requirements.

(7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

(8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

(9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

c. Hiring Decisions. Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. Exceptions. Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. Liquidated Damages. Contractor agrees:

- (1) To be liable to the City for liquidated damages as provided in this section;
- (2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;
- (3) That the contractor's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.
- (4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;
- (5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:
 - A. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and
 - B. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year;

therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

(6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. Subcontracts. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

46. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, “Political Activity”) in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City’s Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor’s use of profit as a violation of this section.

47. Preservative-treated Wood Containing Arsenic. Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term “preservative-treated wood containing arsenic” shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term “saltwater immersion” shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48. Modification of Agreement. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with the SFMTA to submit to the SFMTA Contract Compliance Office any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20% (HRC Contract Modification Form).

49. Administrative Remedy for Agreement Interpretation. Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Virginia Harmon, Senior Manager of the SFMTA's Contracts & Procurement section who shall decide the true meaning and intent of the Agreement.

50. Agreement Made in California; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

51. Construction. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

52. Entire Agreement. This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48, "Modification of Agreement."

53. Compliance with Laws. Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

54. Services Provided by Attorneys. Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

55. Left blank by agreement of the parties. (Supervision of minors)

56. Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

57. Protection of Private Information. Contractor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information,"

and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Contractor agrees that any failure of Contractor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Contractor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Contractor.

58. Reserved.

59. Reserved.

60. Left blank by agreement of the parties. (Slavery era disclosure)

61. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

62. Unavoidable Delays

62.1 Definition. An Unavoidable Delay is an interruption of the work beyond the control of the Contractor, which the Contractor could not have avoided by the exercise of care, prudence, foresight, and diligence. Such delays include and are limited to acts of God; floods; windstorms; tornadoes; wars; riots; insurrections; epidemics; quarantine restrictions; strikes and lockouts; freight embargoes; acts of a governmental agency; priorities or privileges established for the manufacture, assembly, or allotment of materials by order, decree, or otherwise of the United States or by any department, bureau, commission, committee, agent, or administrator of any legally constituted public authority; changes in the work ordered by the City insofar as they necessarily require additional time in which to complete the entire work; the prevention by the City of Contractor's commencing or prosecuting the work. The duration of said Unavoidable Delays shall be limited to the extent that the commencement, prosecution, and completion of the work are delayed thereby, as determined by the City.

62.2 Notification of Delay. Contractor shall notify the SFMTA as soon as Contractor has, or should have, knowledge that an event has occurred that will delay deliveries. Within five calendar days, Contractor shall confirm such notice in writing, furnishing as much detail as is available.

62.3 Request for Extension. Contractor agrees to supply, as soon as such data are available, any reasonable proof that is required by the SFMTA to make a decision on any request for extension due to Unavoidable Delays. The SFMTA shall examine the request and any documents supplied by Contractor and shall determine if Contractor is entitled to an extension and the duration of such extension. The SFMTA shall notify Contractor of its decision in writing. The granting of an extension of time because of Unavoidable Delays shall in no way operate as a

waiver on the part of the City of the right to collect liquidated damages for other delays or of any other rights to which the City is entitled.

63. Warranty. Contractor will administer warranty recovery on included parts from the OEM vendors. Contractor should also warranty parts sold to the SFMTA against defects for a total period of 12 months from the date of issue to the SFMTA. Furthermore, Contractor should provide pass-through of OE and/or OEM warranties covering periods beyond one year. Any warranty claim must be submitted within the one-year warranty period, must provide the serial number of the part, include a detailed description of the problem, and must identify which vehicle from which the part was removed.

64. Dispute Resolution. Except as to matters concerning fraud or theft, the parties agree to mediate any dispute prior to resorting to litigation with all applicable privileges established under the California Evidence Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

<p>CITY</p> <p>San Francisco Municipal Transportation Agency</p> <hr/> <p>Edward D. Reiskin Director of Transportation</p> <p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p> <p>By:</p> <hr/> <p>John I. Kennedy Deputy City Attorney</p> <p>AUTHORIZED BY:</p> <p>MUNICIPAL TRANSPORTATION AGENCY BOARD OF DIRECTORS</p> <p>Resolution No: _____</p> <p>Adopted: _____</p> <p>Attest: _____ Roberta Boomer, Secretary to the SFMTA Board of Directors</p> <p>Board of Supervisors Resolution No: _____ Adopted: _____</p> <p>Attest: _____ Clerk of the Board</p>	<p>CONTRACTOR</p> <p>Alstom Transportation Inc.</p> <p>By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.</p> <p>I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.</p> <hr/> <p>Joseph Quigley Vice President Business Development 1001 Frontenac Road Naperville, IL 60563</p> <p>City vendor number: 50529</p>
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Appendices

- A: Services to Be Provided by Contractor
- B: Calculation of Charges

Appendix A
Services to Be Provided by Contractor

1. Mobilization Phase

A. Initial Stock Purchase

- 1) Contractor and the SFMTA will conduct a stock survey of SFMTA Stores to confirm stock level in stores.
- 2) Based on the confirmed stock levels in SFMTA storerooms, information provided by the SFMTA from the SFMTA's current Shop History & Online Parts System (SHOPS). in the initial meeting with the SFMTA, Contractor shall forecast materials consumption, minimum stock that should be held by Contractor, and materials needed for maintenance and campaigns.
- 3) Contractor shall organize the storerooms using SFMTA staff, and supporting SFMTA staff in the use of the new warehousing tools and techniques.

B. Materials Management Inventory System (MMIS)

- 1) Contractor shall create an interface between the SFMTA's SHOPS and Contractor's Railsys/Partsfolio system. Railsys is the Contractor's enterprise resource planning (ERP) system that will enable Contractor to perform the supply chain management activities for the SFMTA. Partsfolio is Contractor's parts ordering system that will enable the SFMTA to order parts automatically. This interface shall enable Contractor to fulfill material demands for the SFMTA in a timely manner.
- 2) Contractor shall load information from SHOPS relating to the SFMTA's expected consumption into Railsys to execute appropriate materials scheduling.

C. Integration of Alstom MMIS with SHOPS

- 1) Contractor shall conduct a joint workshop with the SFMTA to map the processes to integrate Railsys / Partsfolio with SFMTA's IT systems and business processes.
- 2) Materials received in SHOPS for SFMTA storerooms and electronically issued to vehicles by SHOPS shall be captured and sent daily to Railsys by a batch file or other automated method.

- 3) When re-order points are reached, automatic orders will be sent by SHOPS to Railsys / Partsfolio to replenish SFMTA storerooms. As parts are delivered into storerooms, SHOPS shall be updated automatically.
- 4) Contractor shall use Railsys/Partsfolio if ad-hoc parts are required; SFMTA staff shall be able to order such parts through Railsys/Partsfolio.

D. Reviews

Contractor shall hold regular program meetings during the mobilization phase of the program, which will be supported by SFMTA staff to oversee the program.

E. Completion of Mobilization.

On completion and acceptance of Railsys/ Partsfolio interface and delivery of initial minimum stock to Contractor's facility, the mobilization phase of the contract will be considered complete.

2. Contract Execution Phase

A. Delivery of Parts and Kits

- 1) Contractor shall maintain an in-stock balance of high usage parts identified in Exhibit 1 – High Usage Parts, equal to at least two months of the annual projected demand, to support readily available parts demands. These parts shall be issued from its inventory balances at its local storeroom to SFMTA storerooms when required by the SFMTA to service a vehicle. The SFMTA will notify Contractor of parts required daily or on an as-needed basis, and Contractor shall deliver these requested parts from its inventory balances to SFMTA-designated locations within a 24-hour period from issuance of the notice from the SFMTA. Notices/requests for parts or kits will be made via the automated SHOPS/Railsys system or a direct request from an SFMTA Storekeeper. A kit is defined as a set of parts or supplies assembled and delivered together for use in preventive maintenance or other activities.
- 2) All other parts will be delivered weekly in accordance with Contractor's schedule.
- 3) Contractor shall deliver the Parts or Kits to the SFMTA storeroom specified by the SFMTA when an order is placed.
- 4) Following the delivery of the Part or Kit by Contractor, the SFMTA will inspect the parts that same day, verify the reference and quantity delivered compared to the orders, and issue a goods receipt. The SFMTA will inform Contractor of any non-compliant orders within 48 hours of delivery.

B. Packaging & Labeling

1) Parts shall be labelled with the following information:

- Original Equipment Manufacturer (OEM) Part Number
- SFMTA Part Number
- Purchase Order (PO) Number
- Date Shipped
- Alstom Department Transport (DTR) number
- Barcode

2) Kits shall be labelled with the following information:

- Kits shall be labeled as required for Parts
- The bill of materials (packing slip) and specific vehicle(s) for installation shall be listed and attached with the packaged Kit
- Where applicable, individual Kit components shall be stamped or tagged with the appropriate manufacturer's identification (e.g. serial number) that will ensure component traceability throughout the component's useful life
- Contractor shall not substitute components that have not been tested and approved by SFMTA Engineering
- Any changes to the configurations of the kits must be agreed upon by Contractor and the SFMTA.

C. Material Returns

The SFMTA will return a delivered Part or Kit to Contractor if the Part or Kit is damaged by Contractor or if it does not conform to the Part or Kit ordered. Contractor shall pick up the damaged part or kit from the Storerooms. Contractor shall replace the damaged or non-conforming part within 48 hours or, at the SFMTA's option, provide the SFMTA with a full credit for the Part.

D. Warranty

1) Contractor warrants and guarantees that the parts and kits provided under this Agreement shall be free from defects for one year from the date of issue of the Part to the SFMTA. Furthermore, Contractor shall provide pass-through OE and/or OEM warranties covering periods beyond one year. Contractor shall administer warranty recovery on included Parts from the OEM vendors.

- 2) Warranty claims should be processed in accordance with the warranty claims process defined in Exhibit 2. Any warranty claim must be submitted within the applicable warranty period or, for defects occurring within the last month of the warranty period, no later than 30 days after the warranty period. Claims should identify the serial number of the part, include a detail description of the problem, and identify the vehicle from which the part was removed.
- 3) In the event of a Part failure during the warranty period, there shall be a joint Contractor and SFMTA engineering assessment as to the cause of the failure.
- 4) If Contractor and the SFMTA determine that the SFMTA's use or misuse did not solely contribute to the failure, or if the parties are unable to agree, Contractor shall provide a replacement Part or Kit within the five working days.
- 5) Contractor shall provide, at its own expense, all parts, labor, tools and space required to complete warranty repairs or replace defective Parts.
- 6) Damage to equipment or the contents thereof in fulfilling the warranty provisions shall be the responsibility of the Contractor. Contractor shall be liable for any and all damages, including consequential damages, arising from a breach of this warranty. No other provision of this contract shall be construed to limit Contractor's liability of this warranty.
- 7) The warranty on parts, components or sub-systems replaced as a result of a standard warranty repair shall be assigned a new warranty period equal to the original manufacturer's or contract part warranty, whichever is longer, effective the replacement date.

E. Performance Indicators and Reporting

- 1) Exhibit 3 includes the Performance Measures and Key Performance Index that will be used to measure Performance of this contract.
- 2) For high usage parts identified in Exhibit 1 – High Usage Parts, Contractor shall deliver materials within 24 hours of receipt of the order no less than 98 percent of the time.
- 3) Regular meetings will be held as follows:
 - a) Annual meeting:
 - Review the performance of the Vendor Managed Inventory program;
 - Review the list of Parts and Kits based on the events during the previous year and on the maintenance plan for the following year, with the following possible actions:

- Revision of the annual consumption forecast
- Revision of the minimum quantity per item and per order
- Revision of the maximum quantity per period of time
- Addition or deletion of Parts and Kits

b) Monthly meeting:

- Follow-up on the performance of the Vendor Managed Inventory program.
For example:
 - On-time in-full deliveries
 - Number of Parts that have been issued
 - Status of any warranty claims
 - Detailed review of any issues
 - Dollar value of Parts issued
 - Review exceptions for over/under consumed parts and agree on the actions required
- Review of possible options proposed by Contractor for the obsolescence cases, followed up by the program and price to execute this replacement.
- Preventative maintenance Kits consumption.
- Engineering task status
- Fleet material campaigns
- Ongoing and upcoming overhauls

c) Daily contacts for the management of the parts deliveries and any urgent matters

F.Inventory Support

Contractor shall support the SFMTA in identifying excess stock and discard any surplus stock in SFMTA storerooms, either by selling it or scrapping it. The SFMTA shall approve any sale prior to disposal. Contractor shall be entitled to a fee of 30% of the selling price of the parts.

G. Maintenance Engineering Support

- 1) Contractor and the SFMTA will meet on a quarterly basis to set a scope of work and estimate the number of engineering hours required for the upcoming six months.
- 2) The performance and status of each engineering task will be reported at the monthly program review.
- 3) Contractor will ensure that the right resources are available based on the estimated number of engineering hours projected for the upcoming six months.

3. Contractor's Deployment of a Barcoding System in SFMTA Storerooms

- A.** Contractor shall implement a barcoding system as part of Railsys in SFMTA storerooms. Contractor shall establish a separate "plant" in Railsys per store room. Links from the plant to other parts of Railsys will be established and appropriate authorization levels set up. Up to three barcoding guns shall be provided per location, along with batteries, printers and connectivity to the SFMTA wi-fi network. The Railsys plant data shall be populated with SFMTA stock record data, and the data shall then be reviewed and confirmed by both parties.
- B.** Contractor shall develop an interface between Railsys and SHOPS in collaboration with the SFMTA's information technology (IT) group. There shall be a number of "Process mapping Workshops" held between Contractor and key users in the SFMTA to develop the interface most appropriate for this contract. Alstom shall then create the interface and test it. The interface shall be applicable for all contract parts.
- C.** Contractor shall set the reorder point levels in Railsys based on jointly agreed plans and then use them to support the replenishment of the stock.
- D.** Railsys will become the primary system and SHOPS shall be updated to "mirror" Railsys.
- E.** The SFMTA will use barcoding in Railsys. There will be a daily update of the SHOPS stock system from Railsys to record stock level for the SFMTA's financial purposes.
- F.** Contractor shall provide initial training of up to 800 hours to SFMTA staff regarding the use of the barcoding tools. The training shall consist of preparation of materials to use, technical support on site during implementation, trouble-shooting during implementation, and training of SFMTA key users, as a Train the Trainer approach. It is anticipated that approximately 200 hours will be allocated for preparation and 600 hours allocated for in-class training, technical support on-site and trouble shooting. Alstom shall provide all necessary work instructions and processes.

- G.** At the end of the initial training period, the Contractor shall provide additional ad hoc support, with its existing team, to facilitate SFMTA adoption of the process. If specific additional training is required, there will be a charge of \$1,000 per day for such training support.
- H.** Procedures will be developed for dealing with materials needed during off-hours.

4. End of Contract obligations

- A.** In order to secure continuity of maintenance activities at the end of the Vendor Managed Inventory Contract, the parties shall agree upon a de-mobilization program at least three months prior to end of the Contract. At the beginning of this period Alstom and the SFMTA will meet to agree which purchase orders for parts Alstom will maintain and which parts will be consumed and not re-ordered. If there are Parts and Kits on order that are not yet delivered upon the date of termination of the Contract, Alstom shall transfer the purchase orders to SFMTA.
- B.** On conclusion of the Agreement Contractor shall:
 - Sell to the SFMTA its remaining stock of Parts and Kits specialized for the SFMTA at the contract price at a quantity that does not exceed a three-month supply. If the SFMTA has required Alstom to purchase and stock a certain quantity of parts, or if the actual consumption is less than that estimated by the SFMTA, the SFMTA will purchase the remaining stock for those parts at the end of the Contract, even if the stockholding is greater than 3 months of supply.
 - Return to the SFMTA all the transaction data contained in Railsys in a format agreed upon with the SFMTA
 - Agree not to use any data obtained from the SFMTA for any purposes not related to this Agreement.

The following exhibits are attached to this Appendix A and incorporated by reference as though fully set forth herein:

Exhibit 1 – High Usage Parts

Exhibit 2 – Warranty Claims Process

Exhibit 3 – Performance Measures & Key Performance Index

Exhibit 1

**RAIL PARTS PURCHASE AND USAGE
(01/01/2011 - 12/31/2012)
[TOP 200 BY HIGHEST USAGE]**

Exhibit 1 consists of several 11" x 17" pages, which itemize the 200 identified most frequently purchased and used rail parts.

The column headings and first line of information in the Exhibit are reproduced below for your reference:

#	Item Code	Description	Manufacturing Part Number	Manufacturing Part Number
988	022-90-0194	DIESTOCK, TYPE B, 11-1/4", PROPULSION GRIP	PRECISION KIDD STEEL	DIESTOCK-B-11-1/4-INCH

2011		2012		Total	
PO Qty.	Qty. Issued	PO Qty.	Qty. Issued	PO Qty.	Qty. Issued
10,000	3,810	18,200	8,364	28,200	12,174

Most Recent PO (for 01/01/2010 – 12/31/2012)		
PO Number	PO Date	Unit Price
POPK13000075	10/25/2012	\$12.48

A copy of the full Exhibit is available for viewing at the SFMTA's Contracts & Procurement (C&P) Office. To view this document Please contact the staff assigned to this project

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Exhibit 2

Alstom/SFMTA Warranty Process

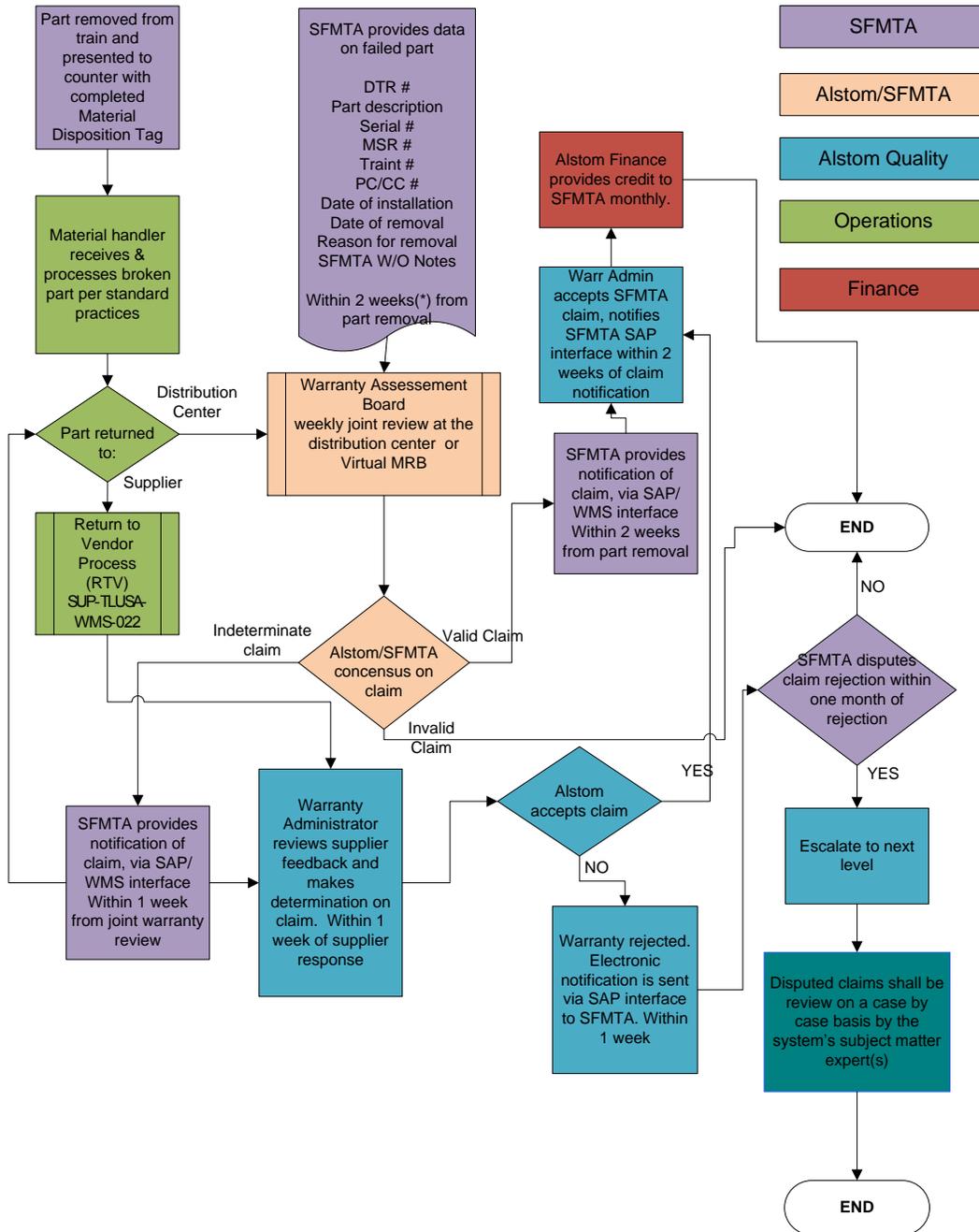


Exhibit 3
Performance Measures and Key Performance Index (KPI)

MONTHLY REPORTING	
Month of: _____	
MEASUREMENTS	OUTCOMES
<p>1. 98% fill rate achieved: yes no</p> <p>1.1. Total number parts requested</p> <p>1.2. Total number parts fulfilled</p> <p>1.3. Total number vehicles held for parts not delivered</p> <p>1.4. Total number of days vehicles held due to stock-outs/non-delivery of parts</p> <p>1.5. Total liquidated damages charges</p> <p>1.6. Identify cause of failures to meet fill rate</p>	
<p>2. Critical and high demand parts (initial list provided)</p> <p>2.1. Delivery within 24 hours achieved: yes no</p> <p>2.2. Total number of parts requested</p> <p>2.3. Total number of parts fulfilled</p> <p>2.4. Total number of vehicles held for parts not delivered</p>	

<p>2.5. Total number of days vehicles held due to stock-outs/non-</p> <p>2.6. delivery of parts</p> <p>2.7. Total liquidated damages charges</p> <p>2.8. Identify cause of failures to meet delivery timelines</p> <p>2.9. Maintenance of 2-month supply in local storeroom: yes no</p>	
<p>3. Total parts turnover</p>	
<p>4. Number of open backorders by line, value, age</p>	
<p>5. Monthly charges</p>	
<p>6. Monthly overhead charges</p>	
<p>7. Monthly payments</p>	
<p>8. INVENTORY MANAGEMENT SYSTEM</p> <p>8.1. Development of interface for SHOPS and proprietary system</p> <p>8.2. Implementation of interface</p>	

<p>8.3. Maintenance of parts history</p> <ul style="list-style-type: none"> 8.3.1. Re-order points 8.3.2. ABC based on usage, history 	
<p>9. MAINTENANCE ENGINEERING REPORT</p> <p>9.1. Review of parts usage to establish recommendations to:</p> <ul style="list-style-type: none"> 9.1.1. Reduce costs 9.1.2. Reengineering 9.1.3. Fabrication <p>9.2. Improve parts reliability</p> <p>9.3. Analyze failure patterns</p> <p>9.4. Identify alternative sources of OEM parts</p> <p>9.5. Submit AEP requests to SFMTA Engineering for approval</p>	
<p>10. BAR CODING SYSTEM</p> <ul style="list-style-type: none"> 10.1. Develop proposed solution 10.2. Implement proposed solution including data cleansing and automated uploading 10.3. Placement of bar coded labels on bins or parts as 	

appropriate	
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Appendix B Calculation of Charges

1. Billing

A. Within 10 days following the end of the first month, Contractor will submit an invoice payable within 30 days after the SFMTA has verified that the invoice is correct for the initial mobilization phase in the amount of \$300,000.

B. Contractor will invoice an annual fixed fee of \$1,620,000 for administrative services at the beginning of each month in the amount of \$135,000 payable within 30 days of receipt of an acceptable invoice from Contractor.

C. Within 10 days following the end of each month, Contractor will submit an invoice based on the deliveries to the SFMTA during the prior month. This invoice will be electronically sent to the SFMTA, via batch file. The Invoice will be payable within 30 days after SFMTA has verified that the invoice is correct.

D. The price for monthly deliveries will be priced fixed for the first two years of the contract and based on Exhibit 4 – Unit Price Schedule – Rail (LRV- Cable Car) and Exhibit 5 – Unit Price Schedule – Rail (PCC-Historic-Milan), attached to this Appendix B and incorporated by reference as though fully set forth herein.

E. 60 days prior to the end of the second year, and if the SFMTA exercises its option to extend the term of the Agreement, Contractor shall submit revised prices for Exhibits 4 and 5 for the SFMTA’s approval. Each additional year of the contract shall allow price adjustments in accordance with the following escalation index: “Railroad Rolling Stock Manufacturing Index, Series PCU3365, Table 5 of the Producer Price”. Prices in Exhibits 4 and 5 will be adjusted by the following formula;

$$\text{Price in Exhibits 4 \& 5} \quad \times \quad \frac{\text{Index of date contract is extended}}{\text{index at January 2013}} \quad = \quad \text{revised price}$$

2. Maintenance Engineering Support

A. Within 10 days following the end of each month, Contractor will submit an invoice based on the number of hours performed during the prior month multiplied by the agreed hourly rate of \$120 per hour. The Invoice will be payable within 30 days after SFMTA has verified invoice is correct. If the contract is extended, the hourly rate shall be adjusted adjustments in accordance with the following escalation index: “Railroad Rolling Stock Manufacturing Index, Series PCU3365, Table 5 of the Producer Price.” The Maintenance Engineering Support hourly rate will be adjusted by the following formula;

$$\text{\$120} \quad \times \quad \frac{\text{Index of date contract is extended}}{\text{index at January 2013}} \quad = \quad \text{revised hourly rate}$$

3. Contractor’s Support of SFMTA Staff in SFMTA Storerooms and Deployment of a Barcoding System

A. Contractor shall invoice \$398,000 for the setup and training of the Bar Coding system in the first SFMTA storeroom. The invoice will be payable at the completion and acceptance of the system by the SFMTA.

B. Upon the completion and acceptance by the SFMTA of each additional SFMTA storeroom, the Contract shall invoice an amount of \$120,000 for each additional storeroom.

4. Estimated Charges

Estimated Charges for Two Years					
Mobilization Cost	One time				\$300,000
Monthly Fixed Fee			\$135,000/month	24 months	\$3,240,000
Monthly Parts Cost		\$6,000,000/yr.	\$500,000/month	24 months	\$12,000,000
Bar Coding Cost	One time	1 st storeroom:			\$398,000
		Each additional storeroom:	\$120,000	3 additional storerooms	\$360,000
Total for Two Years:					\$16,298,000

Estimated Charges for Optional Three Additional Years, Exercised at the Sole Discretion of the SFMTA's Director of Transportation					
Monthly Fixed Fee			\$135,000/month	36 months	\$4,860,000
Monthly Parts Cost		\$6,000,000/yr.	\$500,000/month	36 months	\$18,000,000
Total for Three Optional Additional Years:					\$22,860,000
Maximum for Five Years:					\$39,158,000

The following exhibits are attached to this Appendix B and incorporated by reference as though fully set forth herein:

Exhibit 4 – Unit Price Schedule – Rail (LRV-Cable Car)

Exhibit 5 – Unit Price Schedule – Rail (PCC-Historic-Milan)

Exhibit 4
Unit Price Schedule for Light Rail Vehicles (LRVs) and Cable Cars

Exhibit 4 consists of several 11" x 17" pages, which comprise the unit price schedule for LRVs and cable cars.

The column headings and first line of information in the Exhibit are reproduced below for your reference:

Please note that with the exception of the "[Quantity] on Hand (As of 6-26-12)" column, all other quantity columns show an average *annual* amount (based on data for two years).

Muni Item Number	OEM Part Number	Description	Bid Unit Price	Freight per unit
011-18-0003	HCF-E10WF0W2	CAMERA, SECURITY, REVENUE VEHICLES	\$229.00	

Tax	Final Unit Price	Qty Ordered (Annualized Over 2 Years)	Ext. Price	Qty on Hand (As of 6-26-12)
\$20.04	\$249.04	55	\$13,697.06	42

Number of Issues (Annualized Over 2 Years)	Qty Issued (Annualized Over 2 Years)	PM Item	OEM	New Part Number If Available
10	32		DEDICATED MICROS AMERICA CORP	HCF-G1SDF0W2

A copy of the full Exhibit is available for viewing at the SFMTA's Contracts & Procurement (C&P) Office. To view this document Please contact the staff assigned to this project

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Exhibit 5
Unit Price Schedule for President's Conference Committee (PCC),
Historic and Milan Streetcars

Exhibit 5 consists of several 11" x 17" pages, which comprise the unit price schedule for PCCs, historic and Milan streetcars.

The column headings and first line of information in the Exhibit are reproduced below for your reference:

Please note that with the exception of the "[Quantity] on Hand (As of 6-26-12)" column, all other quantity columns show an average *annual* amount (based on data for two years).

Muni Item Number	OEM Part Number	Description	Bid Unit Price	Freight per unit
022-03-0107	MS-090-0150-000R1AA	BELLOW, 6" SMALL RECTANGULAR, PCC	\$154.94	

Tax	Final Unit Price	Qty Ordered (Annualized Over 2 Years)	Ext. Price	Qty on Hand (As of 6-26-12)
\$13.56	\$168.50	10	\$1,684.97	20

Number of Issues (Annualized Over 2 Years)	Qty Issued (Annualized Over 2 Years)	PM Item	OEM	New Part Number If Available
			BEARING ENGINEERING CO.- 03140	

A copy of the full Exhibit is available for viewing at the SFMTA's Contracts & Procurement (C&P) Office. To view this document Please contact the staff assigned to this project

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