

Schedule A: Noncompetitive Purchases and Public Work Contracts

Item Number:

Vendor Name (Location) Kawasaki Rail Car, Inc (Yonkers, NY)	Contract Number R34268	Renewal? ☐ Yes ☒ No
Description Purchase of 378 Additional B Division Subway Cars	Total Amount: \$1,507,107,118	
Contract Term (including Options, if any) Nov 2025-May 2032	Funding Source ☐ Operating ☒ Capital ☐ Federal ☐ Other:	
Option(s) included in Total Amount? ☐ Yes ☐ No ☒ N/A	Requesting Department: Department of Subways, William Amarosa Jr.	
Procurement Type ☐ Competitive ☒ Noncompetitive		
Solicitation Type ☐ RFP ☐ Bid ☒ Other: Non-Competitive		

Discussion:

NYC Transit is requesting Board approval to award a non-competitive purchase contract to Kawasaki Rail Car, Inc. (“Kawasaki”), pursuant to Article III, Paragraph A, of the All-Agency Procurement Guidelines and Public Authorities Law 1209, subsection 9(a), for the procurement of three-hundred seventy eight (378) additional ‘B’ division revenue subway cars (hereafter the “R268 ‘B’ Division Subway Cars”), including non-car items such as spare parts, special tools, diagnostic test equipment, technical documentation and training for the Department of Subways at a total contract price of up to \$1,507,107,118 (the “Contract”). This procurement will facilitate the immediate replacement of NYC Transit’s R68 and R68A subway car fleets to address reliability and support conversion of lines to Communication-Based Train Control (CBTC). Accordingly, the procurement is critical to meet the essential and efficient operations of NYC Transit and, it is therefore, requested that the Board waive competitive bidding and approve the award of the NYC Transit Contract for the R268 ‘B’ Division Subway Cars.

The procurement of the 378 R268 ‘B’ Division Subway Cars by a non-competitive procurement from Kawasaki will enable NYC Transit to procure the cars within the time frame necessary for NYC Transit to meet its critical operational needs for revenue service and retire the R68A subway cars that are at the end of their useful life almost four years earlier than anticipated by competitive procurement. Delivery of the 378 R268 ‘B’ Subway Cars is anticipated to begin September 2028, and to be completed by May 2030. This will assure that replacements for the aging R68 and R68A will be received in time to remove them from service and to eliminate the need for NYC Transit to spend additional significant dollars on maintenance costs for those outdated cars. Furthermore, the timely replacement of the old cars will also allow NYC Transit to deliver a higher and more reliable level of service with greater confidence in car availability for CBTC implementation.

The procurement will also provide a unique opportunity for the NYC Transit to reduce design and development costs and minimize risk for NYC Transit by providing for delivery of a service proven Kawasaki ‘B’ Division car design.

Kawasaki’s final negotiated price of \$1,507,107,118 is 7.7% or \$126.3M lower than the NYC Transit’s independent estimate of \$1,633,394,690. Negotiations centered on optimizing surety provisions and restructuring milestone payments to reduce the overall price and ensure that the price will not exceed \$1,507,107,118, as we finalize the contract terms and conditions.

Kawasaki has been deemed a responsible vendor for this procurement and the Controller’s Office has performed a financial analysis and determined that there is reasonable assurance that Kawasaki is financially qualified to perform the work under the Contract as noted in its analysis.

This contract was evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, any applicable cybersecurity requirements, to the extent required, will be included in Contract terms and conditions prior to award.

Kawasaki has certified that pursuant to EO 16, it is not doing business in Russia.

M/W/DBE Information

The MTA Department of Diversity and Civil Rights (DDCR) established a zero percent M/WBE and zero SDVOB goals for this procurement.

Impact on Funding

This procurement is to be capitally funded with local funds under the approved 2025 – 2029 Capital Program. A WAR certificate will be secured prior to award.

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Alternatives

Acquiring additional cars through a competitive R268 cars procurement would delay the delivery of the cars as well as significantly increasing the cost due to the need to procure, design and qualify a new car type.

Recommendation

Notwithstanding the alternative, the non-competitive procurement of R268 Subway Cars is the best method to address NYC Transit's critical need. Therefore, it is recommended that the Board approve the award of contract R34268 for 378 'B' Division Subway Cars to Kawasaki plus non-car items such as spare parts, special tools, diagnostic test equipment, technical documentation and training for the Department of Subways at a total contract price of up to \$1,507,107,108.