



SUBJECT: 2550 RAIL VEHICLE PROGRAM

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the first quarterly report on the 2550 Rail Vehicle Program (Program) for the period from May 2003 through August 2003.

ISSUE

On April 24, 2003, the MTA Board awarded two key contracts on the Program:

- A five-year contract to AnsaldoBreda S.p.A. (AnsaldoBreda) for a base buy of 50 light rail vehicles (LRV). These 50 LRVs provide for both the Pasadena Gold Line and the Metro Gold Line Eastside Extension. These LRVs are designed to operate on any existing or future light rail alignments that the MTA operates.
- A rail consulting contract to LTK Engineering Services (LTK) for as-needed technical support to the Program.

In addition, the Board directed staff to provide quarterly updates on the status of the Program.

BACKGROUND

Based on the lessons-learned from experience with the P2000 LA Standard Car contract, the MTA created an LRV Integrated Project Team (IPT) responsible for managing the Program. An IPT is established when a capital project of significant importance requires a very dedicated management team with the ability to act and react quickly to Program issues.

For this Program, the IPT is organized under the MTA's Rail Fleet Services and consists of the Project Manager, Deputy Project Manager and fully-dedicated staff from other MTA departments including Procurement and Engineering. The IPT also benefits from the support of as-needed specialty engineering services through the Program contract with LTK, one of America's oldest and largest rail transportation consulting firms. The as-needed engineering participation provided by LTK is an integral part of the IPT and its ability to expeditiously respond to specific engineering issues as they arise. The IPT's primary focus is toward on-time delivery of the LRVs and on the successful integration of the systems and subsystems affecting the LRV deliveries.

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PROJECT STATUS

1. Contract Status: May 2003 through August 2003:

The P2550, LRV Contract with AnsaldoBreda	Paid To Date*	\$0
Actions Taken	Action Date	
1. Notice-to-Proceed Issued by the IPT.	June 6, 2003	
2. Plant Inspection Conducted by the IPT.	June 21-July 2	
3. IPT Review of LRV Requirements.	July 16 - 18	
4. LRV Requirements Review with AnsaldoBreda.	July 22 - 25	

* As of 8/31/03

The P2550, LRV Contract was awarded by the Board on April 24, 2003. The Contractor, AnsaldoBreda was immediately informed by a Letter Of Award and instructed to comply with the MTA's procurement requirements noted in the letter prior to a fully executed contract. The Notice-To-Proceed authorizing AnsaldoBreda to commence with the Contract work was issued on June 6, 2003.

AnsaldoBreda submitted the Program Quality Assurance Plan and the Preliminary Contract Schedules on July 22, 2003 toward the completion of Contract Milestone 1A. The remaining effort to complete this milestone consists of the IPT's review and approval of the AnsaldoBreda Quality Assurance Plan and the Schedules.

The PS 8310-1267, Rail Consulting Contract with LTK	Paid To Date*	\$0
Actions Taken	Action Date	
• Limited Notice-to-Proceed Issued by MTA	June 21, 2003	

* As of 8/31/03

The PS 8310-1267 Contract with LTK was awarded by the Board on April 24, 2003. The MTA's contract with LTK provides for engineering and technical support on an as-needed basis when requested by the IPT. The Contract is managed through the use of Contract task orders with scope, man-hour and expenditure constraints. Task Order 1 was issued June 21, 2003 for up to 916 hours of as-needed engineering support but not to exceed \$103,000. This Task Order requires LTK to provide specific rail vehicle engineering services to the IPT for the AnsaldoBreda plant inspection, the technical requirements review, and the technical review of the AnsaldoBreda Contract submittals. It is anticipated that Task Order 2 will be issued sometime in September.

2. AnsaldoBreda Plant Inspection

AnsaldoBreda of Pistoia, and Naples, Italy is owned by the Italian Finmeccanica Transportation Sector company and is responsible for designing and manufacturing railway and mass transit vehicles. This company is a recent merger of Ansaldo Trasporti in Naples which produces railway electronic drives and vehicle-borne equipment with Breda Costruzioni Ferroviarie in

Pistoia, one of the major builders of railway and mass transit vehicles. This merger resulted in the integration of five different plants around Italy into the two major facilities in Pistoia and Naples for more effective coordination and efficiency.

From June 21-July 2, 2003, the IPT members from Rail Fleet Services and Contract Administration with LTK's project engineer plus a representative from the Federal Transit Administration's (FTA) Project Management Oversight Consultant (PMOC) visited AnsaldoBreda's plants in Pistoia and Naples, Italy. The IPT and noted support staff inspected and validated the capability and capacity of the facilities where the railcars will be produced. This plant inspection is part of the IPT's management assurance process to verify that AnsaldoBreda has initiated a viable and experienced project management organization. The IPT inspection included introductions to and meetings with AnsaldoBreda's management, engineering, purchasing, warranty and quality assurance staff. The IPT is satisfied that the AnsaldoBreda staff and facilities are of a quality sufficient to meet MTA requirements.

AnsaldoBreda informed the IPT during this inspection that the Contract-required final-assembly in the United States will be moved from the previously planned Atlanta, Georgia site to an existing facility in Pittsburgh, California. This will allow the IPT convenient and expeditious access to the final assembly and shipping operation. AnsaldoBreda requested and the IPT obtained an FTA final-assembly waiver for the first two LRVs which will be assembled in Pistoia to facilitate design baselining prior to transferring the final assembly to the Pittsburgh facility

3. LRV Requirements Review with AnsaldoBreda

From July 16-18, 2003 the IPT met with LTK engineering staff to review and concur upon the AnsaldoBreda Contract technical requirements, scope and expectations for the car design, system integration, and business approach prior to the scheduled AnsaldoBreda visit to Los Angeles.

Subsequently, the IPT with LTK engineering staff support conducted a very detailed Contract requirements review meetings with AnsaldoBreda project staff in Los Angeles from July 21 - 25, 2003. This initial joint review of the LRV requirements broke down the LRV into its major sub-systems to provide AnsaldoBreda with the opportunity to further present and discuss their LRV design, production approach, and the potential subcontractors. Some of the potential major sub-system subcontractors were also in attendance as required for reviews or briefings. The potential major sub-system subcontractors included those for braking systems, signaling, doors, and axle/wheel sets. These meetings produced a mutually accepted position on all vital Contract issues and forms the basis for analysis toward future Contract decisions

CEO Roger Snoble and other MTA executive staff participated in this meeting to express their precise expectations for a successful outcome of this Contract. In addressing the visiting AnsaldoBreda project team, the CEO affirmed that the MTA is aware of AnsaldoBreda's past performance issues and then strongly emphasized that he will accept nothing less than on-time, on-budget deliveries of LRVs that operate reliably. He stated that AnsaldoBreda must assign the necessary adequate resources to accomplish that mutual requirement and goal. The CEO also

acknowledged that Ansaldobreda's recent changes in their management team and consolidation of its production into just the two plants with the truck and final assembly in Pittsburgh, California is viewed by the MTA as a positive move by Ansaldobreda.

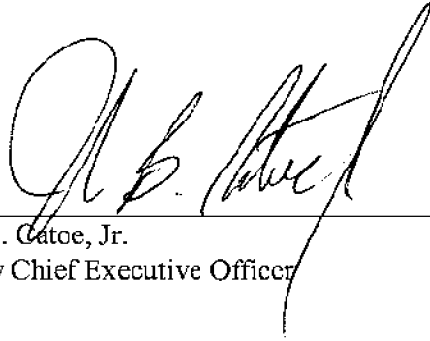
The IPT is currently reviewing the Contract submittals from Ansaldobreda of the first Contract schedule including the LRV delivery schedule and the Quality Assurance Plan. MTA approval will be granted by the IPT if the submittals meet the Contract requirements.

NEXT STEPS


During the next quarter, the IPT has directed Ansaldobreda to complete subcontracting with all major subsystems vendors for the LRV's. The Program will also have approved schedules for LRV production and deliveries. The IPT continues to communicate on a daily basis and conduct full team meetings at least once a week to discuss issues, schedules and milestones.

The Program is additionally standardizing forms, communication and establishing the ability to transmit review and approve drawings and Contract submittals electronically through the use of the internet-based "Project Quest." The IPT plans to inspect Ansaldobreda's Pittsburgh, California final assembly facility during this next quarter. The Program will next report back to the Board in November 2003 on further progress accomplished.

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