



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.9200 Tel
213.922.9200 Fax
metro.net

38

**BOARD MEETING
MAY 28, 2009**

SUBJECT: P2550 LIGHT RAIL VEHICLE CONTRACT WITH ANSALDOBREDA S.p.A.

ACTION: CONSIDER EXERCISE OF CONTRACT OPTIONS

RECOMMENDATION

Decline exercise of options I and II to the P2550 contract, and solicit a new competitive procurement to satisfy Metro's light rail vehicle requirements.

DISCUSSION

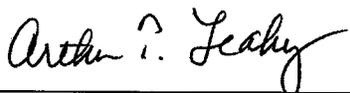
At the March 26, 2009 meeting, the Board approved a motion directing the CEO to extend both light rail option periods under the P2550 contract with AnsaldoBreda S.p.A, from March 31, 2009, to May 31, 2009, subject to receipt of written acceptance of such extension from AnsaldoBreda S.p.A no later than March 31, 2009. The motion further conditioned the extension of the option periods on AnsaldoBreda S.p.A.'s written acceptance acknowledging that the option price shall be determined based on the option pricing formula set forth in the contract. Finally, the motion directed the CEO to meet with AnsaldoBreda S.p.A., to address and attempt to resolve outstanding issues between the parties, and to report back to the Board at its May 2009 meeting with a recommendation regarding whether or not to exercise the options.

The Board motion directed the CEO to ensure all contractual obligations are met by AnsaldoBreda S.p.A., prior to considering exercising the options, and contained five specific factors that must be met:

1. Price per vehicle per the contract
2. Maximum vehicle weight not to exceed 103,263 pounds
3. Trainline compatibility
4. Delivery schedule
5. Interior dimensions

In the time period subsequent to the March 29th Board meeting, Staff has met with and exchanged correspondence with AnsaldoBreda S.p.A., and has reviewed AnsaldoBreda

S.p.A.'s actions and written responses to the motion. Based on that review Staff has determined that while AnsaldoBreda S.p.A. made a concerted effort to be responsive to the Board direction, their actions, with the exception of the acknowledgement on price, fall short of meeting the requirements. I have personally reviewed AnsaldoBreda S.p.A.'s plans, and the Staff review of those plans, and I can find little reason for recommending exercise of the options. Staff will be prepared to make a presentation at the Board meeting should this be desired.



Arthur T. Leahy
Chief Executive Officer