

August 28, 2015

FOR YOUR INFORMATION MEMO

To: Mayor and Members of City Council
From: Harry Black, City Manager **HB**
Subject: CAF Streetcar Delivery Response

Attached you will find a response the City received from CAFUSA (CAF) related to the streetcar delivery schedule.

Earlier this week, the streetcar project team (project team) visited CAF in Elmira, NY to observe testing, ask questions and receive a streetcar delivery progress update.

Cincinnati has ordered five streetcar vehicles from CAF, which are in various stages of production. The first car was originally scheduled to arrive On Sept. 17.

As indicated on the attached, CAF is implementing a recovery plan to reduce time lost in the schedule. The CAF plan includes:

- Adding shifts
- Performing certain testing activities concurrently using multiple vehicles
- Allocating additional engineering resources
- Monitoring and resolving material delivery issues with sub suppliers

Recent testing activities have provided good preliminary results. As with any project at this phase, the plan includes some level of risk. Testing activities are designed to identify issues and should major issues come up during this phase, additional time could be necessary to resolve them.

In Elmira, as has been communicated in writing, the project team made it clear it is expecting CAF to deliver safe, high quality vehicles to Cincinnati. This means no cut corners, sacrificed quality, or rush work that will undermine reliability or safety of the Cincinnati vehicles.

The City, SORTA, and the City's engineering consultant, LTK Engineering, are continuing to closely monitor CAF's progress on a daily basis. LTK and its in-house inspector is working with CAF to expedite review and approval of CAF submittals where possible, and to facilitate successful completion of the testing program and resolution of any open issues before vehicles ship to Cincinnati.

Based on CAF's continued efforts, and barring any major issues arising from the remaining testing and production activities, the City remains cautiously optimistic that CAF will be able to ship vehicles to Cincinnati by the end of October and that the projected revenue service date of September 2016 will be achieved.

The City, via the Purchasing and Law departments, is preparing to collect any damages owed the City due to any missed streetcar delivery deadlines.

With over 95% of track work complete, the streetcar is projected to come in on time and on budget. The project team will continue to keep you updated on progress at every step of the way.



August 28, 2015

Patrick A. Duhaney
Chief Procurement Officer
City of Cincinnati
Two Centennial Plaza
805 Central Avenue, Suite 234
Cincinnati, Ohio 45202-1947

Dear Mr. Duhaney,

This letter is to bring you up to date on the status of the Cincinnati Streetcar project and to address your concerns regarding the projected delay announced in July of this year.

CAF is fully aware of its commitment to deliver the streetcars and regrets having to depart from the agreed upon schedule. As you may know, the vehicle CAF is manufacturing is customized to comply with all US standards and is not an off-the-shelf product. CAF is committed to delivering a vehicle without taking any shortcuts that may jeopardize the quality of the product and, therefore, first class service to the riding public. I personally attended the project meeting at our facility in Elmira at the beginning of this week. I am now in a position to confirm the steps CAF is taking to mitigate, as much as possible, any impact on the schedule, both for delivery of the cars and testing of the whole system. I am confident that the streetcar delivery will, in no way, affect the startup date of September 2016.

The Project Management team met with the City's team and reviewed a detailed recovery plan and discussed the implications and risks. As a result, CAF will send promptly contractual correspondence including a detailed plan and schedule.

As part of the recovery plan, CAF has added shifts to expedite testing of the first two units. There are two 10 hour shifts to perform tests; the additional 4 hours are dedicated to implementing modifications identified as a result from testing. CAF is allocating additional engineering resources to the Elmira facility in order to minimize response time during this very critical testing phase. CAF is also adding resources to resolve any material delivery issues from its suppliers. Shifts have also been added to manufacturing for streetcars 3 through 5. It was agreed to implement an enhanced communications strategy with the City so that progress can be monitored at least on a weekly basis.

To summarize, the first unit is in dynamic testing and is scheduled to arrive in Cincinnati at the end of October. The detailed plan will be transmitted as official project correspondence.

Please contact me if you need any further clarification at this time.

Sincerely,

A handwritten signature in blue ink that reads "Virginia Verdeja".

Virginia Verdeja
Vice President / Sales