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TRANSMITTAL DATE: October 16, 2026

MEETING DATE: October 23, 2026

TO: Board of Directors

FROM: Rod Bailey, Chief Operating Officer
Tom Schamber, Chief Financial Officer

SUBJECT: FY2026-27 Q1 Rolling Stock Mechanical Update (July 1 to Sept 30, 2026)

Issue

This report summarizes systemwide delays, discusses the portion caused by rolling stock mechanical failures, their root causes and corrective actions, and efforts underway to improve fleet availability.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** we will improve our operational efficiency, through transparency, objective metrics and streamlined governance, reducing reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. This report supports this commitment by giving the Board transparent, objective metrics on mechanical delay performance, locomotive availability and materials management, and by tracking the corrective actions needed to restore fleet reliability and return the rolling stock fleet to a State of Good Repair.

Background

The Maintenance of Equipment (MOE) division is responsible for the reliability and availability of Metrolink's rolling stock (locomotive and passenger-car fleet). Fleet maintenance is performed by Alstom Transport USA Inc. under MOE oversight and is measured through key performance indicators (KPIs) such as:

- Delay minutes measure the amount of time service was delayed and are used to identify the primary causes of disruptions.
- On-Time Performance (OTP) measures the percentage of trains that arrive at their final destination less than six minutes behind schedule.

Parts and repair purchases supporting the Agency's fleet are managed by the Contracts, Procurement, and Materials Management (CPMM) division, which is part of the Finance Department.

At the July 10, 2026 Budget, Audit, and Finance Committee (BAFCOM) meeting, in response to Director Tettemer's request for an update on process improvements related to parts challenges and mechanical failures, staff will provide a quarterly report on these areas going forward. This is the first report and covers the first quarter of FY27.

Discussion

Examples of system delays include vandalism, police activity, crew delays and others. From July 1 to September 30, 2026, Metrolink recorded 35,171 total minutes of systemwide delay from all causes. Of this total, 6,812 minutes (19.4%) were attributed to rolling stock mechanical causes, primarily spider shaft and fuel canister failures. Because OTP measures train arrivals rather than delay minutes, Mechanical OTP achieved 97.3% for the quarter.

Below is a summary of the causes of mechanical delays, their impact on service performance, corrective actions underway, and expected outcomes by year-end.

Mechanical / Equipment-Attributed Delay Performance

Locomotive failures are the primary mechanical driver, accounting for approximately 78% of mechanical delay minutes.

Mechanical delay minutes by category for the reporting period:

- Locomotive: 5,310 minutes (15.1% of total system delays)
- Late turns: 1,183 minutes (3.4%)
- Passenger car and other mechanical: 319 minutes (0.9%)

Locomotive Availability

Locomotive availability is measured weekly against a minimum target of 105%. Average availability for the reporting period was 95.7% in Q1 2026.

Top Failure Modes

1. F125 Secondary Fuel Filter Housing (Fuel Canister)

- **Past corrective actions:** Manufacturer Caterpillar issued two Emergency Corrective Actions. The first installed new fuel lines and relocated sensors. The second removed the filter base nearest the front of the engine, where most failures were occurring.

- **Root cause:** Caterpillar Engineering laboratory testing confirmed that supplier material did not conform to their original design specifications. Two prior shipments of replacement canisters and manifolds were rejected earlier this year for manufacturing defects.
- **New corrective actions:** Replacement material has passed Caterpillar Engineering inspection and is being applied to the fleet. As of October 5, 2026, 21 of 40 F125 locomotives have received the new fuel filter housings; completion is estimated for November 2026. Caterpillar Engineering remains engaged, and staff are closely monitoring for new failures.

2. F125 Spider Shaft

- **Current mitigation efforts:** Spider shaft failures have negatively affected mechanical OTP. Actions to improve reliability include Progress Rail engineering analysis and laboratory testing to determine the root cause. Stadler has also introduced a re-engineered spider shaft. Their current estimate, still to be confirmed, is a minimum 30-40% improvement in shaft strength. Deliveries are estimated to arrive in November 2026.
- Next step is to arrange support for on-track testing of the F125 locomotives, measuring actual torques and displacements at the coupler to aid the root cause investigation.

Heavy Repair Backlog

Alstom continues to work the heavy repair backlog while managing planned maintenance, unscheduled repairs, and SCRRA's F125 engine replacement program. As of September 30, 2026, nine long-term locomotives shipped prior to 2026 remain out of service, one is awaiting material for repair. Alstom projects release of the nine units by the end of calendar year 2026, pending no additional material constraints.

To increase shop capacity, Alstom has brought six TCS contractors on-site to help reduce the backlog and bring the engine replacement work directive back on schedule. Alstom is also restructuring its labor force to enable seven-day-per-week first-shift locomotive shop operations, with the flexibility to add a second shift, to further increase shop productivity and reduce locomotive out-of-service dwell time.

What Is Driving the Problem?

In addition to the F125 component failures described above, material availability remains a key constraint on fleet availability, particularly for sole-source and limited-source F125 components. Equipment was being held out of service awaiting material, primarily because purchase orders were not issued in a timely manner because Inventory purchasing wasn't staffed properly, minimum contracts in place and extended lead times from suppliers. In November 2025, CPMM placed all Agency procurements on hold and dedicated its full team to clearing the equipment parts and repair purchase backlog. Since January 2026, CPMM has:

- Established multi-year agreements
- Increased dedicated procurement resources and expanded sourcing efforts
- Strengthened supplier and purchase order management
- Reduced open requisition lines from 232 to as low as 38, and requisition lines aging over 15 days from 113 to 4
- Ordered additional critical parts over the past 18 months to increase safety stock levels; due to long lead times, this material is arriving through calendar year 2027

Fleet Corrective Actions Underway

- Complete the F125 fuel filter housing retrofit on the remaining 19 locomotives, targeted for November 2026
- Receive and install the redesigned spider shafts on future failures, with deliveries expected by November 2026, and preparations for on-track testing
- Release the nine long-term heavy repair locomotives by the end of calendar year 2026, pending no additional material constraints
- Implement Alstom's seven-day-per-week first -shift locomotive shop operation, supported by six on-site TCS contractors, to reduce the backlog and locomotive out-of-service dwell time (started in October)

Materials Management Tiger Team

In May 2026, Metrolink formed a Materials Management Tiger Team, a small cross-functional group of in-house experts, to improve materials management processes and tools. The team established governance with a steering committee consisting of Operations, Finance, and Integrated Digital and Technology Services. They completed structured visits with materials management, and maintenance personnel to observe and map processes, engage frontline employees, and identify barriers. They identified critical gaps in storage, inventory planning, supplier performance, serialized-parts control, and integration between Metrolink's financial management and asset management system. The team also developed a KPI dashboard to establish performance baselines. Processes now underway include:

- Return-and-repair process improvements
- Stock-out tracking and contract filtering
- Serialized-parts control process improvements
- Recommendations for additional storage and future materials investment
- Approval of a Contract Lifecycle Management (CLM) system to automate contract management processes in FY27

Collectively, the efforts described above are designed to improve materials management capabilities, operational reliability, and responsible stewardship of Metrolink resources.

Next Steps

Staff will continue to monitor fuel cannister system and spider shaft performance with the three vendors, Caterpillar, Progress Rail, and Stadler. Additionally, staff will continue to track Alstom's progress on the heavy repair backlog and seven-day shop operation. The next rolling stock mechanical quarterly update will be provided to the Board in January 2027.

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Attachment(s)

Presentation - FY26-27 Q1 Rolling Stock Mechanical Update