



**ITEM ID:** 2026-110-0

**TRANSMITTAL DATE:** February 20, 2026

**MEETING DATE:** February 27, 2026

**TO:** Board of Directors

**FROM:** Justin Fornelli, Chief, Program Delivery

**SUBJECT:** Contract No. EP199-19 - Rebuild of Bombardier Rail Cars - Increase Contract Authority - Talgo-SYSTRRA Joint Venture

### **Issue**

Additional contract authority is required to complete the rebuild of the remaining 33 Bombardier rail cars (26 Generation-3 and 7 Generation-2) in order to maintain program continuity, avoid delays, and complete the rebuild in the most efficient and cost-effective manner to keep the Bombardier fleet in a State of Good Repair.

### **Recommendation**

It is recommended that the Board authorize the Chief Executive Officer to amend Contract No. EP199-19 with Talgo-SYSTRRA Joint Venture to exercise Option Order No. 2, supporting the rebuild of 26 Generation-3 Bombardier rail cars, and provide contract provisions to award future options as funding becomes available to complete the remaining 7 Generation-2 Bombardier rail cars.

This action requires the contract authority to be increased by a total of \$83,360,742.82, inclusive of 10% contingency, increasing the total contract authority amount from \$152,871,246.50 to \$236,231,989.32, which will allow for the remaining 33 Bombardier Rail Cars (26 Generation-3 cars as Option Order No. 2 and 7 Generation-2 cars as a future option orders when funding becomes available) to be rebuilt.

### **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 over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. This amendment advances the Authority's Modernizing Business Practices strategic commitment by improving operational efficiency and maintaining the Bombardier fleet in a state of good repair.

## **Background**

The Authority's Bombardier Fleet consists of 88 Generation-1, 7 Generation-2, and 26 Generation-3 rail cars, totaling 121 cars.

On May 10, 2019 the Board of Directors awarded Contract EP199-19 to Talgo-SYSTRA Joint Venture (Talgo-SYSTRA) for the rebuild of the Bombardier rail cars with a total contract authority of \$152,871,246.50, covering a base order of 50 rail cars and optional order quantities, pending available funds.

Contract EP199-19 was executed for a base order of 50 (Generation-1) rail cars for a total of \$64,015,017.33. An additional allocation was authorized by the CEO for \$6,401,501.73 for out-of-scope repairs.

On April 30, 2025, the Authority exercised an option for an additional 38 (Generation-1) rail cars for a total amount of \$61,281,267.79. An additional allocation of \$6,128,126.78 was authorized by the CEO for out-of-scope repairs. The current total authorized contract amount is \$137,825,913.63, with a remaining contract authority of \$15,045,332.87.

The 50th rail car was delivered on May 1st, 2025. The rail cars in Option order 1 are scheduled to be completed by January 2027. To date, 67 of the 88 executed Generation-1 rail cars have been rebuilt and delivered, resulting in approximately 99 percent fleet availability.

Authority Staff have received positive customer feedback on the rebuilt cars, noting the upgraded vinyl seats and the conveniently located electrical outlets between every seat that enhance overall comfort and usability.

## **Discussion**

Staff first met with Talgo-SYSTRA on 12/12/2025 to negotiate pricing for the remaining 33 rail cars. Discussions took place over a month to address recurring and non-recurring cost drivers, including design differences between the generations of Bombardier cars, omitted costs previously absorbed by Talgo-SYSTRA, warranty, and support impacts for new designs, vendor cost increases, labor escalation, and production inefficiencies experienced during execution.

Staff emphasized the need for transparency and auditability under the fixed-price contract structure and requested revisions to the pricing presentation to better segregate escalated costs, augmented labor and materials, and delay-related impacts. Talgo-SYSTRA agreed to revise the pricing format and provide additional supporting documentation.

During the negotiations Staff also communicated intent to prioritize the 26 Generation-3 rail

cars for execution as Option Order No. 2 and postpone the seven Generation-2 rail cars as a future option orders.

Staff reviewed multiple scenarios for completing the refurbishment of the remaining Bombardier cars, including an entirely new overhaul procurement and the purchase of all new rail cars. The different scenarios were compared based on price, schedule and risk. The table below shows the pricing for each scenario.

Scenario	Total	Over/Under
Independent Cost Estimate (T-S option 2 & 3)	\$82,797,597.69	-
Talgo-SYSTR A Options 2 & 3	\$89,460,068.81	+8.05%
New Overhaul Estimate	\$86,815,390.15	+4.85%
Purchase of New Cars	\$174,419,785.00	+110.66%

While the cost of a new overhaul project appears lower, it does not account for contingency, procurement risk, or the delays associated with starting a new contract. Exercising the option ensures the lowest overall cost, is fair and reasonable, and presents the lowest risk to the project. Based on the scenarios reviewed, staff have determined that the preferred alternative is to advance with executing Option Order No. 2 with Talgo-SYSTR A. Staff are requesting an additional contract authority of \$83,360,742.82, for a total of \$236,231,989.32 which is broken down on the table below.

Talgo-SYSTR A Options 2 & 3 (33 Cars)	\$89,460,068.81
10% contingency	\$8,946,006.88
TOTAL Project (Option 2 & 3)	\$98,406,075.69
Remaining Existing Contract Authority	(\$15,045,332.87)
<b>Requested Additional Contract Authority</b>	<b>\$83,360,742.82</b>

The estimated delivery of the 26 Generation-3 cars under Option Order No. 2 is August 2028, with the 24th car anticipated to be delivered prior to the July 2028 Olympic Games. These dates are based on the contractor’s proposed schedule and do not represent a guaranteed outcome; however, this approach represents the quickest and lowest-risk path to delivering the vehicles to the Authority when compared to initiating a new contract. Execution of each option will be subject to funding availability.

**Budget Impact**

The requested contract authority is included in the Adopted Capital Budget for FY20-21 & FY23–26 for Option Order 2, contingent upon a Project Budget Reallocation (PBR) from other equipment projects that have been deferred. The Future Option Orders will be included in future Capital Budgets, subject to Board approval.

### **Next Steps**

Upon Board approval, the Authority will execute a contract amendment to memorialize the revised not-to-exceed contract authorization and issue Option Order No. 2 for the rebuild of 26 Generation-3 cars, with future options to complete the remaining 7 Gen-2 cars when funding becomes available.

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Approved by: Justin Fornelli, Chief, Program Delivery

### **Attachment(s)**

[Presentation - EP199-19 Bombardier Rail Car Rebuild](#)