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Contact: Paul Griffo
Tel: 202-366-4064

FTA Finds Houston METRO in Violation of Federal ‘Buy America’ Requirements and Procurement Laws

FTA findings indicate a ‘series of systematic efforts’ by former management to bypass numerous federal rules

HOUSTON – The Harris County METRO system “violated both federal procurement law and the Buy America requirements” during the procurement and subsequent award of two light rail vehicle (LRV) contracts to Spanish rail car manufacturer Construcciones y Auxiliar de Ferrocarriles (CAF), Federal Transit Administrator Peter Rogoff announced today. These findings come at the completion of a four-month Federal Transit Administration (FTA) investigation into METRO's procurement practices.

In a letter hand-delivered to METRO's newly appointed leadership, Board Chairman Gilbert Garcias and Acting President and CEO George Greanias, Administrator Rogoff wrote, “The results of the investigation are both alarming and disturbing. They reveal a series of systematic efforts through which METRO and CAF sought to bypass numerous Federal rules. These rules are designed to ensure the integrity of procurements involving taxpayer funds and the requirement to use taxpayer funds in a manner to maximize the creation and sustainment of well-paying jobs here at home. The Administration will vigorously enforce these requirements, both now and in the future.”

The Rogoff letter said that while the violations are very serious, “the Administration believes that the commuters of Houston should not be denied needed transit improvements due to the actions of prior METRO management. The Administration still believes that the North and Southeast Corridor projects have merit and we stand behind our Fiscal Year 2011 budget request of \$150 million for the two projects.”

In order for the FTA to continue to direct Federal funds to these projects, METRO will be required to submit a written affirmation of its intention to rebid the contract and detail its plan to achieve full compliance with all federal requirements.

The Rogoff letter goes on to say that the FTA is prepared to take a number of steps designed to keep METRO's expansion projects moving forward and keep workers on the job, once METRO makes clear its commitment and plan to achieve compliance.

The Rogoff letter concluded by stating that FTA looks forward to a continued involvement with METRO under the transit agency's new management, and hopes that relationship "will be characterized by trust, transparency, respect, and full compliance with all pertinent federal laws."

The estimated cost of the North and Southeast Corridor projects is more than \$1.5 billion total, with a projected federal investment of \$900 million combined.

A copy of the entire letter from Administrator Rogoff, as well as a letter from FTA Chief Counsel Dorval Carter to METRO's Chief Counsel and a full Report of the Investigation can be accessed [here](#).

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