



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: BUS INSPECTION SERVICES

**ACTION: AWARD CONTRACT FOR BUS INSPECTION
SERVICES TO FIRST TRANSIT INC.**

RECOMMENDATION

Authorize the Chief Executive Officer to award a thirty-month, firm fixed-price contract, Contract No. OP33204010, to First Transit, Inc. (FT) for bus inspection services of 30 forty-five foot transit buses in an amount not to exceed \$337,587 inclusive of an option for inspection of 70 forty-five foot transit buses, effective November 1, 2003.

RATIONALE

Federal Transit Administration (FTA) Regulations (49CFR Section 663) requires "in-plant" inspections of all new bus purchases when the quantity of buses being purchased exceeds ten vehicles. Based on experience, and to avoid disrupting normal bus maintenance activities, staff has found that it is more cost effective to outsource these mandated bus inspections, rather than have MTA maintenance personnel perform them. In addition, the proposed outsourcing is consistent with recommendations of the Office of the Inspector General (OIG).

The proposed bus inspectors provide an independent review and testing of the manufacturer's quality throughout the manufacturing process to insure compliance with the technical specifications. The inspectors also insure compliance with Federal Buy America requirements, provide technical feedback to the MTA's Project Manager and Engineers, and, if necessary, provide specialists to assist in resolving any identified problems. In addition to the on-site contracted inspectors, MTA augments these contracted inspections with periodic on-site inspections by the project management team, and conducts detailed contract compliance audits on a scheduled basis (usually conducted on every 50th bus).

Background

The Metropolitan Transit Authority (MTA) has contracted bus inspection services since 2000, frequently at multiple manufacturing locations. In January 2002, the MTA Board of Directors approved a contract with North American Bus Industries to manufacture 30 forty-five foot composite buses. In January 2003, the Board authorized exercising a contract option for an additional 70 forty-five foot composite buses. These buses will be delivered between FY04 and FY06. MTA believes that full-time bus inspections for these vehicles can be more efficiently performed by using contracted services, rather than borrowing mechanical staff from MTA operating divisions. Borrowing this many staff from operating divisions has become increasingly disruptive to normal bus maintenance activities.

Separately, in January 2000, an Office of the Inspector General (OIG) Audit Report recommended that management make significant changes to ensure the integrity of the bus inspection program (OIG Audit99-AUD-003). Based on these considerations, the Chief Executive Officer (CEO) directed Bus Transit Operations to investigate outsourcing bus inspections.

The MTA does not have staff specifically set aside to perform bus inspections. MTA Warranty Equipment Mechanics (WEMs), who previously performed these inspections, are assigned to other warranty projects. Although the Vehicle Technology Department works closely with the bus manufacturer's Quality Assurance Department, FTA standards and best industry practices perform independent source reviews and test the manufacturer's quality throughout the manufacturing process to insure compliance with the technical specifications. In addition, the inspectors insure compliance with Federal Buy America requirements, provide technical feed back to the MTA's Project Manager and Engineers and written status reports on problems encountered. WEMs, while proficient in general mechanical duties, are not skilled in the areas of structural manufacturing and assembly of vehicles, and in the interpretation of contractual requirements. The recommended contractor has staff with the required capabilities and has the ability to provide specialists, if necessary.

Outsourcing of bus inspections is allowable under all current labor contracts, and is consistent with OIG's audit report recommendations. All existing MTA inspection staff will be used in the start-up and final acceptance inspection conducted in Los Angeles, as required by the labor contract. Pricing for inspection of the thirty Base Order buses will be \$113,035, while pricing for inspection of the seventy Option Order buses will total \$224,552.

FINANCIAL IMPACT

Funding of \$337,587 for this service is included in the FY04 budget in cost center number 3320, Vehicle Technology, project number 200004, Bus Acquisitions. Since this is a multi-year contract, the cost center manager and Deputy Chief Executive Officer will be accountable for budgeting the cost in future years. In FY03, \$70,737 was expended on bus inspection services.

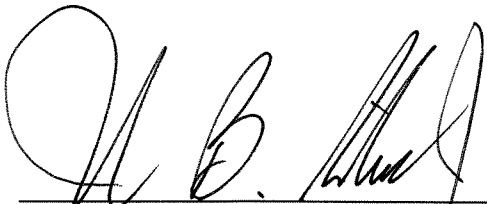
ALTERNATIVES CONSIDERED

Performing bus inspections solely with MTA staff was considered. MTA management does not recommend this alternative because it is disruptive for Sectors and Division Operations to loan sufficient MTA maintenance staff to conduct factory inspections. Furthermore, outsourcing bus inspection personnel to perform quality assurance oversight is consistent with the findings in the OIG's report on the MTA bus inspection program. It is also the most cost-effective way to respond to conduct these mandated off-site inspections.


ATTACHMENT(S)

- A. Procurement Summary
- B. Attachment A-1, Procurement History
- C. Attachment A-2, List of Subcontractors

Prepared by: Michael Bottone, Director, Vehicle Technology



John B. Catoe Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

CONTRACT NO. OP33204010, BUS INSPECTION SERVICES

1.	Contract Number: OP33204010		
2.	Recommended Vendor: First Transit, Inc.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$357,506	Recommended Price: \$357,506	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm fixed price		
5.	Procurement Dates:		
	A. Issued: April 22, 2003		
	B. Advertised: April 22, 2003		
	C. Pre-proposal Conference: May 22, 2003		
	D. Proposals Due: June 13, 2003		
	E. Pre-Qualification Completed: August 29, 2003		
	F. Conflict of Interest Form Submitted to Ethics: September 9, 2003		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 6% DBE	Date Small Business Evaluation Completed: September 17, 2003	
	B. Small Business Commitment: 6% DBE. Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 6	Bids/Proposals Picked up: 17	Bids/Proposals Received: 2
8.	Evaluation Information:		
	A. Bidders/Proposers Names: First Transit Inc. Vehicle Technical Consultants	<u>Bid/Proposal Amount:</u> \$508,004 \$888,445	<u>Best and Final Offer Amount:</u> \$337,587 \$594,601.44
	B. Evaluation Methodology: Explicit Factors - Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: October 20, 2003		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Susan Dove	Telephone Number: 922-7441	
11.	Project Manager: Mike Bottone	Telephone Number: 922-5911	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

CONTRACT NO. OP33204010, BUS INSPECTION SERVICES

A. Background on Contractor

First Transit, Inc. is a professional transportation management and consulting firm that supplies expertise to both public and private transportation systems. The corporate headquarters is located in Cincinnati, Ohio. First Transit has been in business since 1955. Its predecessor companies include Ryder/ATE, ATE Management and Service Co., and American Transportation Enterprises.

MTA's previous experience with First Transit, Inc. has been limited to the provision of contracted bus services. However, the firm has provided bus inspection services on over 18,701 transit vehicles for various transit agencies including, Dallas Area Rapid Transit, Orange County Transportation Authority and Foothill Transit. The firm and proposed staff are well-qualified. Several transit agencies were contacted regarding the quality of work performed and the references were good.

B. Procurement Background

Under this procurement, the MTA solicited proposals for a firm fixed-price contract per bus for the inspection services. Separate pricing was provided for assistance with the compliance inspection of the Pilot Bus and for full inspection of the 29 other Base Order buses. Separate pricing was provided for the 70 Option Order buses.

The Diversity and Economic Opportunity Department (DEOD) established a six percent (6%) DBE goal to this project.

C. Evaluation of Proposals

In accordance with MTA Procurement Policies and Procedures, the Source Selection Committee (SSC) conducted a comprehensive evaluation of the technical proposals. The SSC consisted of MTA staff members representing Safety and Vehicle Technology. All SSC members have experience with bus inspection services. The proposals were evaluated in accordance with the RFP and the evaluation factors established therein. The evaluation factors were:

- Work Plan/Project Approach
- Experience and Qualifications of the Staff
- Experience and Qualifications of the Firm
- Record keeping and Document of Inspection Processes
- Proposed price

Contract award is recommended to the highest scoring firm.

Proposals were received from First Transit, Inc. and Vehicle Technical Consultants, Inc. Both firms have the expertise and qualified staff to perform the required work. In reviewing the proposals, the SSC identified several areas requiring clarification. As a result of the review, each firm was asked to respond to various questions and to submit additional information including a revised price proposal and required DEOD forms. The revised submittals resulted in significant price reductions and were reviewed by the SSC. Additional clarifications and Best and Final Offers (BAFOs) were requested from each firm. The BAFOs were received and reviewed by the SSC. Based on the submittals, clarifications and BAFOs, the SSC recommended award to First Transit, Inc.

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon the price analysis.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

CONTRACT NO. OP33204010, BUS INSPECTION SERVICES

PRIME CONTRACTOR:

FIRST TRANSIT, INC.

Small Business Commitment

Other Subcontractors

ESA Management and Engineering Consultants (DBE)
(Pilot and Option) Total Commitment 6%

None

VEHICLE TECHNICAL CONSULTANTS, INC.

Rail Car Quality Services
(Pilot and Option) Total Commitment 6%

None